

JPRS 76010

8 July 1980

# **Latin America Report**

**No. 2165**



**FOREIGN BROADCAST INFORMATION SERVICE**

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

8 July 1980

## LATIN AMERICA REPORT

No. 2165

## CONTENTS

## INTER-AMERICAN AFFAIRS

- Guatemalan Paper Views Life in Belize  
(EL IMPARCIAL, 23 Apr 80) ..... 1

## ARGENTINA

- Efforts, Urgent Needs of Sparsely Populated Areas Surveyed  
(LA CONVICCION, 7, 25 Apr 80) ..... 3
- Goal: To Populate Formosa  
Development of Misiones Failing, by Martin Olivera
- Leal Urges Reformulation of Antarctic Policy  
(Jorge Leal; CLARIN, 27 May 80) ..... 7
- Antarctic Treaty Nations Reach Accord on Live Resources  
(LA OPINION, 29 May 80) ..... 10
- Briefs  
Laotian Refugee Demands ..... 12

## BRAZIL

- Grain Production Increases in Brasilia Area  
(Joel Silveira; MANCHETE, 31 May 80) ..... 13
- Record Inflation Seen for May; April Trade Deficit Rises  
(O ESTADO DE SAO PAULO, 24 May 80) ..... 15
- Interview With Mass Media Minister, Press Secretaries  
(Said Farhat, et al. Interview; MANCHETE, 31 May 80) ..... 18

Belaunde Terry Discusses Future Government Prospects (Fernando Belaunde Terry Interview; MANCHETE, 31 May 80) .....	111
VENEZUELA	
OPEC Special Fund Meetings Discussed (Abilia Moreno; RESUMEN, 15 Jun 80) .....	115
Oil Policy for Next 5 Years Outlined (EL UNIVERSAL, 5 Jun 80) .....	121
Central Bank Reports Unusually High Inflation Rate (C.R. Chavez; EL UNIVERSAL, 5 Jun 80) .....	123
Briefs	
Oil to Italy	126
Technology From Japan, Korea, Israel	126



## ECUADOR

### Briefs

Minister Warns Against Strikes	77
Deputy Charges U.S. Intervention Plans	77
Official Recognition Received	77

## EL SALVADOR

Magr Rivera Damas Calls for Calm, Peace (EL MUNDO, 28 Apr 80) .....	78
--	----

## HONDURAS

Nicaragua Seen as New Communist Cuba (LA PRENSA, 8 Jun 80) .....	79
Soviet Threat to Nicaragua Discussed (Editorial; LA PRENSA, 13 May 80) .....	85
Cuban Influence in Nicaragua Discussed (Fray Silvestre; EL CRONISTA, 28 May 80) .....	88
Military Rulers Acknowledge Agrarian Reform Failures (LA PRENSA, 17 May 80) .....	90
Status of Constitutional Assembly Discussed (EL CRONISTA, 4 Jun 80) .....	92

## NICARAGUA

Relation Between New Revolutionary State, FSLN Noted (Guillermo Rothschuh Villanueva; BARRICADA, 13 May 80) .....	94
'BARRICADA': To Be Anticomunist Is To Be Morally Criminal (Onofre Guevara; BARRICADA, 12 May 80) .....	97
Ortega Discusses Religious Currents in Nation (BARRICADA, 22 May 80) .....	100
Soviet Church Leader: Cordial USSR State-Church Relations (BARRICADA, 24 May 80) .....	103

## PERU

Former Foreign Minister Gives View on Relations With Cuba (Edgardo Mercado Jarrin Interview; UNIDAD, 24-29 Apr 80) .....	106
--	-----

## CHILE

- State Council Member Discusses Constitutional Draft  
(Juan de Dios Carmona Interview; QUE PASA,  
29 May-4 Jun 80) ..... 25

## COLOMBIA

- Articles Discuss Government's Energy Policies  
(Various sources, various dates) ..... 32
- Firm Policy Needed  
Government's Policy Outlined  
Production, Demand for Eighties  
Betania Plant Ready Next Year
- General Matallana Advocates Socialism  
(Jose Joaquin Matallana Interview; EL ESPECTADOR,  
18, 19 May 80) ..... 46
- Social Problems Cause Subversion  
Amnesty Advocated, Army Corruption

## COSTA RICA

- Trade Balance With Central America Analyzed  
(Lidiette Brenes de Charpentier; LA NACION,  
2 Jun 80) ..... 59
- Monge Interviewed on Upcoming Election  
(Luis Alberto Monge Alvarez Interview;  
LA REPUBLICA, 28 May 80) ..... 62

## CUBA

- Castro Fears Tourism, Mistrusts Loyalty of People  
(Luis Gonzales Posada; GENTE, 24 Apr 80) ..... 67
- Prorevolutionary Emigres From Third Unit, Head for Havana  
Late June  
(GRANMA, 31 May 80) ..... 72

## DOMINICAN REPUBLIC

- Guzman: Economy Is on Solid Ground  
(Silvestre Antonio Guzman Interview; ACTUALIDAD  
ECONOMICA, 17-23 May 80) ..... 73

## INTER-AMERICAN AFFAIRS

### GUATEMALAN PAPER VIEWS LIFE IN BELIZE

Guatemala City EL IMPARCIAL in Spanish 23 April 80 pp 1, 5

[Text] The rise in the cost of living and the growing unemployment have caused an alarming increase in the crime rate in the territory of Belize to the point that it is considered dangerous to travel at night, and even during daylight there have been assaults and robberies.

Persons coming from that Guatemalan territory informed us about these events and other aspects of life in Belize.

They reported to us as follows concerning these events:

The increases in crimes in Belize has reached such an extreme that the police have been unable to cope with it, especially in the case of street assaults and robberies in private homes and commercial establishments.

Reports from that territory point to the high cost of living and unemployment, which have risen to an alarming extent in the last year, as the immediate causes of this situation.

Travelers coming from Belize City indicate that it is dangerous, even in daytime, to walk on the streets, although at night persons run a greater risk of being attacked by assailants who usually use knives. There have been cases in which soldiers from the British Army garrison have been assaulted while off duty when they ventured into bustling nightlife areas.

#### Deficient Electric Service

Several days ago Belizeans began once again to be burdened by electric power outages for several hours a day due to malfunctions in the electric plant generators that supply the city.

About a year ago there were prolonged outages which brought about repeated protests from the consumers. Now that the service appears to have been normalized they are again enduring blackouts and power outages, especially from 1000 to 1200 hours. This causes problems for the population and setbacks,

especially for industry and commercial establishments because it causes work stoppages and damage to products which require refrigeration. Work in many companies and offices utilizing electrically powered equipment must be stopped, with the result that a good many of the personnel end up working only half a day.

The government has explained the situation and has pleaded for patience and understanding on the part of the public while at the same time reporting that efforts are being made to repair the damaged generators and also to get new ones so as to normalize the service.

Worst of all, reports from Belize indicate that it is already being announced that very shortly electric service fees will be increased because PEMEX [Mexican Petroleum], which supplies electricity to Belize, has increased its rates. It has been explained that the increase in fees will be absorbed by the consumers.

#### Increase in the Cost of Gasoline

An increase of 15 Belizean centavos per gallon of gasoline, both extra and regular, went into effect last week. This adds up to an increase of 43 centavos per gallon since the middle of last February.

The new gasoline prices are: extra, 2.95 Belizean dollars (1.47.5 quetzals), regular, 2.71 Belizean dollars (1.35.5 quetzals).

The respective per-gallon prices of diesel and kerosene remain the same as they were following the 46 and 35 centavo rate increases set in February, to wit, diesel 2.50 Belizean dollars (1.25 quetzals) and kerosene 2.25 Belizean dollars (1.22.5 quetzals).

9661

CSO: 3010

EFFORTS, URGENT NEEDS OF SPARSELY POPULATED AREAS SURVEYED

Goal: To Populate Formosa

Buenos Aires LA CONVICCION in Spanish 7 Apr 80 p 8

[Text] Formosa—Even as we ought to be waiting for the national census of population and housing, planned for this coming 30 September, to be taken, statistical data indicate that the total population of Formosa comes to 301,901. These figures and how they relate to those obtained in the latest surveys offer proof of a high rate of growth, equaled only in few of the country's districts.

Thus, for example, while the national annual rate came to 17.2 percent in 1960 and 15.5 percent in 1970, in Formosa a sustained increase on the order of 33.3 percent was recorded.

As far as population variation in the province is concerned, there are at present 124,000 more inhabitants than in 1960 and 68,000 more than in 1970, which confirms the steady increase that has been going on over the past few years.

For many, this goes back to the introduction of new crops, which required more farmworkers, the transfer of government land to private ownership, which in rural areas has increased to 1.3 million hectares between 1976 and now, and the completion of infrastructure projects: roads, electrification and drinking water as well as the construction of new factories and housing, which support growth in employment and income for the local population.

Furthermore, Formosa has a youthful population since 54 percent of it is composed of people from 1 to 19 years of age and 40 percent from 20 to 59 years of age.

Regarding the country's demographic distribution, the data indicate that 53.3 percent of the population is located in the eastern part of the country, consisting of the departments of Formosa, Pilcomayo and Laishi with a population density equal to 10.3 inhabitants per square kilometer.

With a density of 3.3 inhabitants per square kilometer, 41.5 percent of the grand total is distributed throughout the central part of the country (departments of Pilagas, Patino and Pirame), while 5.2 percent, with a density of 0.7 inhabitants per square kilometer, is settled in the east (departments of Bermejo, Matacos and Ramon Lista).

This sparse population density has given rise to the development of many programs designed to promote the acquisition of land by new families, including the opening of access roads, the construction of schools and landing strips, plans for the expansion of production and the management of water resources.

An undertaking that is considered to be essential toward this end is the project for the construction of the Laguna Yema Reservoir, which, utilizing the waters of the Bermejo River, will provide many villages located along 400 km of riverside with a supply of water for human and animal consumption.

In addition to these programs, there are surveying jobs for the granting of public lands, colonization of the Lomitas-Bazam area in the far west, re-activation of the Belgrano Railroad, continuation of the paving of Route 81 and creation of markets suitable for the marketing of logging production.

Then, too, a new border area was recently created with administrative headquarters in Ingeniero Juarez, a town 500 km from the capital, which will produce many benefits for those who promote the development of plans for the production of raw materials and industrial products through investments in this remote region of the province.

#### Development of Misiones Failing

Buenos Aires CONVICCION in Spanish 25 Apr 80 p 10

[Article by special envoy Martin Olivera: "Development of Misiones Failing Due to Lack of Overall Policy"]

[Text] Posadas—Touring Misiones, talking with local inhabitants, we immediately discover that there are two Misiones: the one we can see from the plane, a province of wild beauty with an incomparable display of color, a theoretically wealthy province with potential for big agricultural, industrial and tourist development, a province that can be something.

The other Misiones, the one we can see from the llano, exhibits a few poor towns (actually, they seem to be "tired") with a farm economy that is going through a critical situation, with a vast, unknown, virgin territory, with an educational system that cannot counteract the weight of Brazil, with trade that cannot compete with the nearest neighboring regions, with a television "acculturation" which does not permit the inhabitants of the central part of Misiones to imagine that there is anything else than the oppressive forest, with a lack of roads that makes settlement difficult. In sum, a province that does not exist.



Perhaps this impression of poor, tired towns is due to the inhabitants' lack of gaiety (at least in a demonstrative way). This is understandable when, hardly do we cross the border with Corrientes and enter Ituzaingo, where fairly similar climatic conditions prevail, we feel a spontaneous vitality which we do not find in Posadas.

The province's agricultural situation can be seen and heard. Misiones used to have a diversified farm economy: mate, tea, tobacco, tung oil, among others. At the present time, only the mate crop is, without a lot of help, in a position to survive the critical economic situation in Argentina.

Given the villages that used to make a living from it, it still has no value on the international market. It cannot be sold. The tobacco industry is going through its worst period and is seeking support to survive. Through the president, Lt Gen (retired) Jorge Rafael Videla, the central government has responded to the request, having decided to encourage reconversion of the tobacco-growing area through replacement with other more profitable industries.

Tea produces very little revenue at present. Growers do not want to harvest the crop because the market price will not cover the costs of even that operation. The central government has made provisions for implementing a series of measures designed to improve the quality of Argentine tea and make it more profitable. Naturally, however, these measures will only be effective for a short time.

Apparently, the solution to the problem will be that everyone will plant mate and the province will become a single-crop area. But, of course, turning it into a single-crop province with a few small cattle ranches here and there does not seem to everyone to be appropriate for a country nearing the 21st century, although some are not aware of the fact.

Elsewhere in Misiones, there is land that has not been farmed, or more to the point is unknown, which is not accessible due to the lack of a completed network of roads. The central government has taken a number of steps to improve this situation but the still undetermined construction site at Corpus, and consequently the area to be flooded, and the as yet lack of any decision as to what is to be done with Garabi are forcing them to put off the necessary construction of roads in the most neglected regions for several years. This situation is especially serious due to the fact that for a long time now the Misiones road network has not been improved in view of a strategic plan which had been recommended. This plan, which has already ceased to be in effect, has nonetheless left wounds that are slow to heal.

And this fact, the lack of an integrated road network, serves to explain why residents of the villages in the interior are cut off. In some cases, despite the boom in color television sets that has invaded Misiones, these villagers have no idea that there is a world beyond the dense forest that surrounds them. One example is what happened in Dos de Mayo, where some of the local people preferred to stay and watch the plane (which seemed



to be a totem) rather than see the president. For more than an hour, over 100 people from Misiones worshiped the totem, offering the most varied comments. Perhaps the most brilliant was the one a man of about 40 who hit the mark when he said: "It looks like a collective."

And these people from Misiones are second or third generation Germans or Poles, largely interbred with Brazilians, who do not belong to the "civilized" segment composed of Germans who came as a result of the downfall of Nazism. The isolation is such that Hitler could live in this area without anyone's knowing it or, at least, no one would denounce him. (If only Martin Bormann had known that.)

And this kind of "low class" blond type found in Misiones in alarming numbers speaks Portuguese. There are many villages where the schoolteachers have to speak Portuguese in order to teach their classes. Later, perhaps, Misiones children will manage to speak Spanish. But this is clearly not the case in Posadas. There, instead of Spanish, the language that is spoken is Guarani, especially in the extensive poor areas.

The cycle of difficulties encountered in Misiones is completed with the most well-known: trade. In that province, this sector is ruined by the difference in prices that exists between Misiones and Paraguayan and Brazilian border towns. Everyone buys out of the country and no one can, for example, resist crossing the border to get to know Encarnacion.

For all these reasons, Misiones, the province that could be something, is today nonexistent. This is a serious matter in view of its geographical location.

11,466  
CSO: 3010

# LEAL URGES REFORMULATION OF ANTARCTIC POLICY

Buenos Aires CLARIN in Spanish 27 May 80 p 6

[Article by Gen Jorge Leal (ret): "The Antarctic and Its Defense"]

[Text] In accordance with ideas and proposals published in this very newspaper (see "Balkanization," CLARIN, 4 November 1979), we today return to propose — from the same viewpoint — a viable hypothesis for our problems in Antarctica, bearing in mind that, as the issue is being presented in international circles, it is rapidly evolving into critical situations due to attitudes and activities developed by some countries which, despite the fact that they are signers of the Antarctic Treaty, seem to be ignoring the spirit and the letter of the treaty — in claiming to be carrying out urgent exploitation of the very vast resources of that area. If we wish to defend our rights and interests, a reformulation of the Antarctic policy pursued to date becomes necessary, unavoidable, I would say essential.

## Titles

In connection with this, we must remember that, notwithstanding the fact that our titles to sovereignty over the region have been proclaimed to be fully legitimate, true and in agreement with the requirements set by international law, the fact of the matter is that up to now — and except for Chile, with whom there is a sort of mutual recognition of sovereignty over the South American Antarctic — no other country has recognized what we at the proper time proclaimed to be so. To this situation is added the certainty that the big world powers, today more than ever committed to a tremendous dispute for control over energy sources like oil, minerals considered to be critical or of strategic value and food resources, have set their sights on the white continent as a field in which they can achieve their ambitions for dominion, because scientific research and better knowledge of the region are beginning to indicate its extraordinary potential and the broad economic horizons lying beneath its thick layer of ice.

The current, tremendous political pressure exerted on the Antarctic owes its origin to precisely the existence of such wealth.

## Latin America

This being the case and thinking "on a large scale," that is in terms of Latin America, we note that it is also fit and proper for us to combine our thinking, efforts and policies on the Antarctic. In fact and briefly recapitulating, in the above-mentioned newspaper article we attempted to demonstrate how the higher objective of the peoples that used to make up the Spanish Empire ought to be its "de-Balkanization," meaning by that the reunification of Latin America. Let us note that, if we were broken up into some 20 republics, it was so that thus divided we would not succeed in finding our direction nor ever discover the attractive proposal by means of which it would be worth our while to play an active role in an authentic "crusade for a fatherland." Involved as we were for a century and a half in our petty rivalries over narrow local affairs, thus forgetting the true fathers of Latin-American independence, who always strove for confederation and ignoring — in our confusion — realities and the logic of history and geography, which inform us that the 15 million square kilometers that stretch from Mexico to the icy reaches of Antarctica are inhabited by about 250 million human beings who are brothers under the skin but also brothers in terms of the error of not understanding that this kind of "Balkanization" only serves to sanction helplessness and collective weakness.

If everything I have just said is valid, the South American Antarctic would appear to be like a dimension with a distinct and truly extraordinary value, because it presents itself as one more bond, and a very important one, in this task of seeking common goals which unite us in that elemental bloc confirmed by a history of three centuries that began with Columbus and was immediately followed by Pope Alexander the Sixth's *Bulla Intercoetera* [Bull of Demarcation], which deeded to Spain — and naturally to those legitimately succeeding it — all the lands west of... "a boundary or straight line extending from the North Pole to the South Pole," as the papal bull read.

Now, we cannot ignore the fact that different Latin-American countries, such as Uruguay, Peru and Ecuador, have also at different times officially or unofficially made known their interest in Antarctica. These are undoubted positions that offer the possibility of setting up a common South American front, thus creating a sort of continental strategy for Antarctica.

And this is important when we remember that last year centrifugal tendencies were exhibited among the Antarctic Treaty nations whereby countries like England, France and Belgium have been "transferring their responsibilities," with regard to the exploitation of renewable resources from the area, to the European Economic Community and that, in response to such an odd occurrence, the Soviet Union — finding itself alone in its opposition to this unusual position — has let it be known that in that event it would simultaneously transfer its responsibilities to the CEMA [Council for Mutual Economic Assistance]. If, judging from the facts, it is claimed that countries as different from one another as those the above-mentioned

Regional groupings are composed of are interfering in Antarctic affairs, why cannot those of the Latin-American world do so and with more right at that?

#### New Policy

It is this real and our ent situation the Sixth Continent finds itself in, with all its political complexity and economic confusion, which makes it urgent for us and forces us to reformulate our Antarctic policy or run the risk of finding ourselves left alone and isolated. There is a chance of turning this negative force into a positive one, depending on how far we tie our policy into the framework of an Antarctic policy of Latin-American dimensions.

The eternal specters of disunity, either of the past or the present, must not deter us from the above-mentioned direction. We Latin Americans have an obligation not to equate the future with our problems and our disillusionments. While, from the economic standpoint, it is time we understood that, separated in this way, each of our countries is a poor business risk, from the standpoint of international politics, it is urgently necessary for us to go on preparing — at a faster rate because that is what the times indicate — a consolidation of proposals, objectives and interests in an honorable and ascendant joint itinerary. We know that this is not easy because it is sometimes more difficult to change organizations and mentalities and eliminate bastard and unavowed interests than to overcome physical limitations. But the only road left open to us Latin Americans, if we want to enjoy a better and more worthy future, is to try to do so with all our might and with a firm and clean heart.

11,466

CSO: 3010

# ANTARCTIC TREATY NATIONS REACH ACCORD ON LIVE RESOURCES

Buenos Aires LA OPINION in Spanish 29 May 80 p 13

[Text] On his return to this capital after participating in the new draft of an agreement on Antarctica, worked out at the diplomatic conference held in Canberra, Australia, to discuss the future of the southern continent, Director General of Antarctica and the Malvinas Islands Angel Maria Olivieri Lopez of the Ministry of Foreign Relations yesterday said that it "fully preserves and protects" Argentina's rights in the area.

"The reservation of rights set forth in the present treaty has been extended to maritime jurisdiction," Olivieri Lopez noted in his statement to reporters. The 13 countries that lay claim to parts of Antarctica, to which must be added the Federal Republic of Germany and the German Democratic Republic "because of their research and fishing activities" in the area, participated in the conference, since the conference dealt with the preservation of Antarctica's live marine resources. The draft agreement will now be submitted to the different governments to be signed. Olivieri Lopez stressed the level of agreement reached as being beyond political views that differ from one another because some of the participating countries claim and have expressly reserved their sovereign rights to parts of Antarctica, as is the case with our country, while others, "among which are the two superpowers which are participating in the negotiations, do not recognize these rights."

Elsewhere, in Comodoro Rivadavia via a Twin Otter plane, with registration number T-85, yesterday launched "Operation Air Crossing of Antarctica," replacing the T-84 which last year and in 1980 to date has served on the icy continent.

The crew, composed of first lieutenants Claudio Caresani and Carlos Sardi and chief mechanic Miguel Horacio Martinez, was sent off with a ceremony presided over by the head of the garrison at Comodoro Rivadavia, Brig Gen Hector Rene Roy. The Tango-85 will be operated at the Antarctic base of Vicecomodoro Marambio which, as of next 7 June will acquire major importance as a support base for commercial transpolar flights which our country will operate and which will link our country with the Far East, Oceania and Australia, so that it will no longer be a last stop on world air routes.

Since yesterday, the Fingo-85 has been grounded at Rio Gallegos Airport, waiting for favorable weather conditions so that it can start on its long run of over 1,500 km which will take it across Drake Passage and the Weddell Sea to arrive at the air base of Vicecomodoro Marambio after approximately 7 hours flying time.

"Operation Crossing" will be achieved with the aid of a Hercules C-130 belonging to the First Air Brigade at El Palomar.

The Air Force will maintain communication with and provide any necessary aid to the men and women who fly to our and also to foreign Antarctic bases from the base at Marambio, whose airstrip is the only one that permits all-year operation with wheels in the Argentine Antarctic.

Commercial airline planes operating on the new, trans-Antarctic route can also rely on continuous guidance from the same base, which has the most up-to-date communications equipment.

11,466  
CSO: 3010



## BRIEFS

LAOTIAN REFUGEE DEMANDS—Santa Fe—Laotian families that have been living and working in this capital at a Ministry of Agriculture and Livestock provincial center have unexpectedly left their homes and returned to the national capital. Two other Laotians, who were working at a youth hostel, did the same thing. Five families are involved, composed of 19 people, who were the first to arrive in Santa Fe. At the time, they had been put up at the above-mentioned center on a temporary basis, but with all the facilities necessary for living and adapting themselves to local customs. According to our information, the Laotians apparently left a note, written in their own language, explaining that this attitude was a demonstration of their solidarity with their fellow Laotians who, coming from other provinces, are now in the national capital trying to migrate to the United States. We were also informed that the Laotian refugees left for the capital with their indispensable belongings. Furthermore, recently a quarrel was reported at the experimental center, at which time the refugees had a verbal confrontation with the police, demanding higher pay for themselves. [Text] [Buenos Aires LA NACION in Spanish 4 May 80 p 21] 11466

CSO: 3010



# GRAIN PRODUCTION INCREASES IN BRASILIA AREA

Rio de Janeiro MANCHETE in Portuguese 31 May 80 pp 106-107

[Article by Joel Silveira: "A Breadbasket at the Gates of Brasilia"]

[Text] At Fazenda Vereda [Plains Farm], on the border between the Federal District and Goias (no more than 50 kilometers from Brasilia), its owner, farmer Luis de Souza Lima, has kept intact a few tracts of barren land and underbrush he found there 3 or 4 years ago. His intention is to preserve some samples of wasteland so his descendants, grandchildren and great-grandchildren, can compare them with the rest of the property, all of which is today one huge cultivated area. At this season of the year the last hectares of soybeans and rice are being harvested.

From 1974 to the present, the cerrados [woodland savannas] of Brazil, especially in Minas Gerais, Goias and Mato Grosso do Sul, have made possible an increased grain production of about 4 million tons, especially rice, corn and soybeans. The pastures planted on such land also provide for an additional herd of over 2 million cattle. Expansion of the reforested area, furthermore, has been remarkable; the trees have developed very rapidly, especially compared to the yields obtained by Canada, Australia, Norway and Finland. To demonstrate how significant incorporation of the cerrado has been, it is enough to mention that Fazenda Vereda already pays more ICM [tax on movement of merchandise] than all the other rural holdings in the 100-year-old municipality of Cristalina, where it is located.

In the crop year that is now coming to a close, the Federal District is harvesting 700,000 sacks of grain (310,000 of soybeans and 390,000 of rice, corn and wheat). Its livestock herd is already over 80,000 head. The Brasilia Dairy, in turn, receives 85,000 liters of milk daily produced in the rural area of the Federal District and some adjacent municipalities.

The cerrados of Brazil--which cover about 130 million hectares--are the only medium-term alternative that can offer sufficient area to meet the expansion needs of Brazilian agriculture.

The objective of facilitating orderly and rational occupation of the cerrados has been achieved through direct and indirect promotion of

incorporating new areas. To this end, the various development poles located in strategic positions are aiding diffusion of suitable agricultural technology throughout the cerrados--a vast slice of the nation's territory that extends almost from Roraima to Parana and Mato Grosso do Sul.

The basic mechanism for supporting agricultural projects, which combines research, technical assistance and rural credit, has been functioning effectively. The methodology of this program for reclaiming the cerrado--part of POLOCENTRO (Program for Development of the Cerrado)--resulted in productivity much higher than the national average, as is the case of wheat, where a production of 2,240 kilograms per hectare was recorded, compared to the national average of 945 kilograms. In soybeans, it has been possible to produce 2,200 kilograms per hectare, versus a national average of 1,591 kilograms. In corn, 2,540 kilograms per hectare has been reported, compared to the national average of 1,528. The same improvement has been obtained with various other products.

Projects to support program infrastructure are proceeding well. About 90 percent of the initial program is now finished or underway, representing 410,000 tons of storage capacity, 2,767 kilometers of rural highways and 2,003 kilometers of rural-electrification trunk lines.

Planning Minister Delfim Netto's recent visit to Fazenda Vereda, where he witnessed the final stages of the soybean harvest, enabled him to observe a very interesting experiment in reclaiming the cerrado. As stressed by Antonio Ferreira Alves da Silva, president of the Minas Gerais Rural Credit Bank, "he saw at first hand the good results of the rice and corn crops, almost ready for harvesting, besides observing on the scene over 7,000 hectares of various pasturage: grass, branquiaria, green panicum, cologne grass, Guinea grasses and macoem. All this growing on ground that had been called unworkable and unfit for any kind of agricultural experiment and that less than 4 years ago was nothing more than wasteland.

"The minister also saw that a 1,500 hectare field of soybeans can yield 50 sacks, equivalent to 3,000 kilograms, per hectare. He learned that the result of herding in pastures is over one animal per year. He found the nutritional condition of the cattle excellent: plump, vigorous, without fleas or ticks. I think Delfim took new courage as a result of what he saw. I even feel his statements to the press have been more optimistic recently. Right there on the farm he did not hesitate to assume that, according to the forecasts available to him, the next agricultural crop will be 60 million tons of grain."

The old farmer, Luis de Souza Lima, owner of Fazenda Vereda, who has spent most of his life in the fields, was responsible for introducing soybeans in Brazil, having already cultivated the cerrado in Goias. Among sons and sons-in-law, five agronomists work with him on the extensive property located 50 kilometers from Brasilia, and devote night and day to rural production.

# RECORD INFLATION SEEN FOR MAY; APRIL TRADE DEFICIT RISES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 May 80 p 22

[Text] Rio de Janeiro--The all-time record of Brazilian inflation of July 1964--96 percent--will certainly be broken this month, if the Getulio Vargas Foundation figures for May show a rise in the General Price Index of 5 to 6 percent, as financial experts in Rio de Janeiro are expecting, with a great possibility of being borne out.

Even more unfavorable is the Wholesale Price Index, whose increase for the 12 months ending in May could reach the neighborhood of 100 percent--the highest ever. This year's profoundly negative price behavior coincides with the fact that in May of last year the General Price Index and the Wholesale Price Index rose only slightly: 2.3 percent and 2 percent, respectively.

Financial experts are working with three assumptions about the May price increase: in the first, which assumes a 5 percent increase, the inflation rate for the 12-month period would be 92 percent and wholesale prices would have risen 98.4 percent; in the second, with an increase of 5.5 percent, 12-month inflation would be 93 percent and wholesale prices would have risen 99.4 percent; and in the third, with an increase of 6 percent for May, inflation would reach 94 percent for the 12 months and wholesale prices would rise to the neighborhood of 100 percent.

## Restrictive Policy

This undesirable price situation leads experts to assume the government will not hesitate to apply a tightly restrictive credit policy from now on, in order to show better results in 1981, since this year's war against prices is already considered lost. They estimate that from December 1979 to December 1980 inflation will be about 75 percent.

Technical circles identify indications of unsound monetary and fiscal policy as responsible for the failures thus far. For example, they cite exchange policy, since, after establishing the maxidevaluation of the cruzeiro, a series of minidevaluations compatible with domestic inflation,

discounting foreign inflation, should have been kept up. Instead, 1 month after the maxidevaluation the government decided to put a ceiling on mini-devaluations. It thus failed to capitalize on much of the maxidevaluation's positive effects and also added the burden of the "exchange fright" that paralyzed potential borrowers of foreign loans.

### Greatest Difficulty

As a matter of fact, the financial experts say, the biggest problem in economic policy today is to take the proper position against inflation; that is, greatly restricting economic activity at the same time as stimulating the private sector to borrow money abroad and, in the absence of such funds, to use the productive apparatus of the state itself to guarantee the over \$13 billion needed to cover the balance of payments deficit, even if it means a substantial loss of reserves of about \$3 billion to \$4 billion.

### Trade Deficit Rises

Brasilia--The Brazilian trade deficit in April was \$487 million--the highest monthly figure this year--which raises the cumulative deficit from January to the latest month to \$1.823 billion, the highest 4-month figure since the 1973 petroleum crisis, according to data from the Foreign Trade Department of the Bank of Brazil (CACEX) reported officially yesterday by the Finance Ministry. In April of last year the trade account showed a deficit of only \$27 million and, in the 4 months, \$443 million. The cumulative deficit from January to April this year increased 312 percent compared with the same period last year, in nominal terms.

An analysis of the data released yesterday shows that the nation's imports have been rising substantially month by month, going from \$1.807 billion in January to \$1.974 billion in April, compared to \$1.207 billion and \$1.225 billion in the same months last year. April exports totaled \$1.487 billion, compared to \$1.198 billion in the same 1979 month.

In the 4 months Brazil spent \$7.429 billion on imports, about 55.8 percent more than in January to April last year (\$4.766 billion). Meanwhile, exports increased only 29.6 percent. In the first 4 months of this year exports of Brazilian products had a total value of \$5.604 billion, compared to \$4.323 billion in the same period last year.

### Petroleum

Of the \$1.974 billion imports in April, 46 percent was spent for petroleum, which alone cost \$910 million. In April of last year, Brazil spent about half as much for petroleum, only \$459 million. During the January to April period, petroleum imports cost \$3.149 billion, which represents 42.3 percent of total imports (\$7.429 billion), 110.6 percent more than in the same period last year (\$1.495 billion). For imported wheat, Brazil spent from January to April this year \$321 million, compared to \$181 million in the same period last year.

Among exports, the contribution of coffee from January to April this year was substantially greater than that in the first 4 months of 1979: \$810 million this year, compared to \$476 million last year.

(1) BALANÇA COMERCIAL (US\$ MILHÕES)				
(3) 1º QUADRIMESTRE				
(2) ANO	IMPORTAÇÃO	EXPORTAÇÃO	(4) (5) SALDO	
1980	7.439	5.004	- 1.886	
1979	6.766	4.323	- 643	
1978	6.103	3.686	- 408	
1977	3.863	3.761	- 91	
1976	3.775	3.509	- 1.187	
1975	4.001	2.749	- 1.252	
1974	3.431	1.979	- 1.450	
(Fonte: Boletim Banco Central/Cacex) (6)				
Exportações (US\$ Milhões) (7)				
(8) Período	Abril-80		Jan-Abr 80	Jan-Abr 79
Especificação (9)	Abril-79		80	79
Total	1.087		5.004	4.323
Café (10)	897		810	476
-Outros (11)	1.180		4.194	3.847
Importações (US\$ Milhões) (12)				
(8) Período	Abril-80		Jan-Abr 80	Jan-Abr 79
Especificação	Abril-79		80	79
Total	1.974,3		7.439,4	4.766,3
-Outros	1.001,8		3.997,6	3.089,0
-Petróleo (13)	910,9		3.149,9	1.499,9
-Trigo (14)	62,5		291,9	181,7

Key:

1. Trade Balance (millions of dollars), First 4 Months
2. Year
3. Imports
4. Exports
5. Balance
6. (Source: Central Bank Bulletin and CACEX)
7. Exports (millions of dollars)
8. Period
9. Item
10. Coffee
11. Others
12. Imports
13. Petroleum
14. Wheat

8834

CSO: 3001



INTERVIEW WITH MASS MEDIA MINISTER, PRESS SECRETARIES

Rio de Janeiro MANCHETE in Portuguese 31 May 80 pp 128-130

[Interview with Mass Media Minister Said Farhat and the Press Secretary and Undersecretary, Marco Antonio Kraemer and Alexandre Garcia, in Brasilia by Haroldo Hollanda; exact date not given]

[Text] For almost 2 hours the MANCHETE reporter listened to Minister Said Farhat and two of his main coworkers, the press secretary and undersecretary, Marco Antonio Kraemer and Alexandre Garcia, who were subjected to a veritable examination, replying to the most prying questions about the Mass Media Secretariat of the Presidency of the Republic since it began operating. The roundtable discussion, which it could not help but be, concentrated to a large degree on the extroverted personality of President Joao Figueiredo in his contacts with the press and the public. But other problems also, such as the role of the official spokesman, the importance of the mass media in the liberalization process, the government's policy of the offered hand and conciliation, were examined during this meeting with MANCHETE.

In their statements, Farhat, Kraemer and Garcia noted that the president has not changed his behavior since becoming president. He tries to be the same person he always was.

Minister Farhat indignantly denied the idea that SECOM [Mass Media Secretariat] has been trying to disseminate to the public a different version of President Joao Figueiredo's personality. "The president," Farhat stressed, "is just as you see him. He is not a product created for the entertainment of the public."

Farhat, Kraemer and Garcia asserted that the president is constantly concerned about working toward our nation's

having a democratic regime in which we can all take pride. In regard to the offered-hand policy, the minister says that it is not "full of favors, where people can come and take their pick." He then explains that conciliation does not mean loss by the opposition of its characteristics, but the common effort of all Brazilians to overcome current difficulties so that Brazil can be the nation of which we all dream.

[MANCHETE] Minister Said Farhat, when the Mass Media Secretariat of the Presidency of the Republic was established, there were fears expressed by some of the nation's leading newspapers that it would become transformed into a body similar to the erstwhile DIP [Press and Propaganda Department]. Have these fears receded?

Farhat: I don't know anything about such fears, as they certainly were not mine. I have always asserted that the Mass Media Secretariat would be one more channel between the government and the public. Fourteen months after its creation, I call upon the testimony of each of the journalists who cover the presidency of the republic and the various ministries as to what really happened: Today there is more information and of better quality. The Mass Media Secretariat has been concerned about and has managed to facilitate access by the media to authorities at all levels and has tried to see to it that information from government sources is as complete as necessary. Let me recall, for example, the uproar we had a few weeks ago about the Brazilian nuclear policy. It is one of many examples, but very significant of the fact that on the occasion the Mass Media Secretariat and the major authorities of the sector answered all questions asked by the journalists in regard to Brazilian nuclear policy in all its aspects. This is the intention and this is the practice of the presidency's Mass Media Secretariat.

[MANCHETE] The newspapers stress, however, that in the president's approach to the public, the events in Florianopolis became a watershed. Are there any grounds for these statements? After Florianopolis, was there any change in the plans for the president's public appearances?

Farhat: I have said again and again that President Joao Figueiredo is a mature and realistic man. He is not a product created for the entertainment of the public; he is what you see. He only does what he pleases, what he likes. He can be convinced to take a particular position, to adopt some attitude, but he is certainly not a manufactured product. He is an essentially authentic man. Hence, there is nothing to be said about a created image. This is a subject that was discussed thoroughly a long time ago. People wonder how it is that a man so reserved, because of the functions he performed, suddenly, when freed of such limitations, is revealed to be what he is.



## What the President Is Like In the Company of People He Knows

I have observed the president at home in the company of his friends, with the people he knows, with his working comrades, with people he is calling on, with people who have served under him during his military career, and the attitude of the president is no different from what you have seen. In Florianopolis there was an incident confined to provocations and insults on the part of a small group which certainly was not representative of the people of Santa Catarina; much less, of the people of Brazil. Wherever the president goes, he continues to talk to people, to receive appeals of every sort, letters, people who want to speak to him, people who want to touch him, embrace him.

Kraemer: I wish to stress that none of this is planned or programmed. In Porto Alegre, on one of his trips, the president had about 1 and 1/2 hours to rest in the hotel, after a very tiring day. When he returned to the hotel, the president said: "I would like to see what Rua da Praia [Beach Street] is like. You know Rua da Praia, one of the main streets of Porto Alegre; it is a long time since I have seen it and taken a walk there." And he went. And at the suggestion of a local reporter who invited him, he decided to stop at a lunch counter for a cup of coffee. I then interrupted him and said: "Mr President, let's go to the Bruxa (which is a more traditional lunch counter) because that way you can take a longer walk." He barely made it to the lunch counter.

[MANCHETE] There were those who raised doubts when the president went to Sao Paulo on one of his trips and, for lack of a limousine, took a taxi at the airport to get to the stadium in time to attend a soccer match of the Brazilian all-star squad. There were those who saw this episode as an attempt by SECOM to popularize the president...

Farhat: That is a true story. The Sao Paulo airport was closed. Those who wanted to create the impression that the president is a puppet manipulated by strings did not have the honesty to confirm that the airport was really closed. And so the president landed in Campinas because it was not technically safe for his plane to land in Sao Paulo due to poor weather conditions. So much so that Gen Cerqueira Lima, commandant of the Campinas Brigade, rushed to the airport after the president had landed.

[MANCHETE] Do you feel that this informal manner of President Joao Figueiredo is an important factor for the climate of political liberalization?

Farhat: This is a pertinent question and it is a question I am glad to answer. I believe the answer definitely is yes. The president's manner is responsible for creating a climate of complete openmindedness and understanding between him and the people.

And as the president is firmly determined to conduct the process of political liberalization until it is solved in a way completely in keeping with

his ideal, or, as he said last week in Cachoeira, a democracy in which we can all take pride, this dedicated association of the president with the people is an irreplaceable ingredient in conducting the process. I have never seen in the president, since I began working for him in June 1978, any vacillation in conducting the political process. There are those who criticize the liberalization because they consider it still insufficient, as if it were possible to change a political system overnight. There are also those who criticize the liberalization for being too broad and too rapid. The president remains serene in this process, firm in his intention to lead the country to democracy. He knows that the road is long, full of obstacles, full of problems. But we Brazilians have the good fortune of having a man in the presidency of the republic with the tenacity of Mr Joao Figueiredo.

Garcia: These aspects of human qualities that surround the president are created by him. At times we manage to let the public know this. Or we manage to have the press observe these events. But most of them the president prefers to be guarded by the mantle of discretion, because he does not want to be accused of seeking sources of popularity due to things he does spontaneously, without planning.

[MANCHETE] Mr Minister, has the role of the press been important in broadening the political liberalization? Is the president upset by press criticism? How does he take it?

Farhat: The president take press criticism in different ways, depending on the content of the criticism. What is critical of the government's actions, what is critical of a decision that may not have been the best, he accepts with complete equanimity. He considers such criticism a form of collaboration, a way he has of daily gaging the successes and mistakes that any administration has.

[MANCHETE] Do you consider the role of the press important in the liberalization process?

Farhat: Extremely important. And I would rather not either generalize or particularize the remarks I have just made. That is, the performance of the press as such, as a group of professionals, as a group of economic and social activities, has an irreplaceable role in the liberalization process.

Kraemer: Many times SECOM is criticized--or was criticized, as this has now largely receded--because as a new agency it was the object of suspicions, which I think no one can have any longer, based upon fear that it would become transformed into a centralized information agency. But SECOM can only divulge or confirm an event that is happening through the direction of the government itself. Never a speculation. We are not able to feed any speculation, because that would prejudice the information of the government itself.

[MANCHETE] In several countries, such as the United States, it is the custom for the president to meet the press every 2 weeks or so and grant a press conference. Why has a similar pattern not been adopted in Brazil?

Farhat: I rarely speak of what I call intimate relations within the government. What you are asking I agree with completely, but it has not been done because the president prefers to follow his own temperament. In the many conversations I have had with the president on this subject, he has always ended with a reply based upon his experience as an athlete: "You want me to play one position and I want to play another..." The president acknowledges the advantages of the style of formal interviews, which he has tried several times, contrary to what you imagine. He himself acknowledges that a formal interview, with him seated at a table answering questions is much more desirable, even for him. It gives the president time to give leisurely answers, to think about his answers. But the president is a gregarious man, who likes to be with people, and when someone comes up and asks him a question his first inclination is to answer that question.

[MANCHETE] Did the president's change of eyeglasses follow some plan to modify his public image?

Farhat: The president's physician, after several examinations, finished the diagnosis and told him it made no difference whether he wore dark or regular glasses, because his conjunctivitis arises from the fact that his eyelashes were ingrown, which irritates the eyeball. So, when he learned that the dark glasses didn't do him any good, he switched glasses. Stories were made up about this--silly rumors were started. Now, there are anonymous sources that frequently use reporters who are eager for news for purposes that are not always above-board. They are those who have a very large appetite for certain types of bait. They swallow it hook, line and sinker and later are astonished to learn that it is not really so...

The President Invited the Opposition to the Palace Several Times

[MANCHETE] The opposition complains that the president says he wants to have an offered-hand policy for the whole nation, but then he never completes the gesture.

Farhat: You spoke about the offered-hand policy. I could sit and think about the past and recall the times the president invited the opposition to come to the palace on the occasion of important acts, such as the signing of the amnesty bill, and the opposition refused the invitation.

Garcia: There were occasions when the opposition came; Senator Nelson Carneiro was here...

Farhat: But he came on personal business, to discuss a bill he was sponsoring...

Garcia: Deputy Alceu Collares was also received by the president, with whom he talked...

[MANCHETE] But, now, Mr Minister, we had the recent meeting of the most important opposition leaders with [Justice] Minister Ibrahim Abi-Ackel. Didn't you consider that meeting important?

Farhat: I think that is an act that represents the president's gesture of the offered hand. And all collaboration that the opposition wishes to give is representative of the offered hand. Which is not an empty gesture. But neither is it full of favors, where people come and take their pick of things. Conciliation, the president said in all clarity, does not imply renunciation by the opposition of its convictions or of its right to criticize the government, to reprove what it considers mistaken. Conciliation signifies unity of principles, of ideas so that we may all lead Brazil through the difficulties it currently faces to that future which we all desire.

Garcia: In this aspect of the offered hand, we cannot forget the gesture of Deputy Alceu Collares. He was here at Planalto Palace and without abdicating his position in the opposition made severe criticisms in the president's presence, who answered them, with the conversation being held always on the highest level. When Alceu Collares left, the president asked him to return at any time to converse so frankly. The president did not abdicate his authority, nor did Deputy Collares abdicate his opposition position.

[MANCHETE] It has been said by the press and by some politicians that President Joao Figueiredo is popular, but his government is unpopular, especially in view of the economic crisis. Does this position have any basis?

Farhat: I find we are in an unfavorable economic situation. We are not going to hide our problems. At a time when life's problems mount up, at a time when the cost of food is increasing, worrying all wage-earners, it is quite natural that there is a certain dissatisfaction with the government. The housewife who today buys a kilogram of beans for a given price and who a few weeks later finds the price even higher, cannot be satisfied with the measures to combat inflation, which are medium- and long-term measures. It is natural that there is dissatisfaction in regard to the specific actions of the government in given areas. However, once again the people's trust in the president enables the public to have patience to wait for the positive effects of the measures that are being adopted and that in many cases are unpopular.

Garcia: I would venture to say that this dichotomy of the president being popular and the government unpopular is nothing more than a play on words. What I see are people complaining about the situation. I don't see people complaining about the government and praising the president. There isn't

this distinction. The president is quite popular and gained the good will of the people because in the political field he is firmly determined to implant democratic normalcy in the nation and, on the social and economic side, everyone knows that he suffers along with everyone else the consequences of an economic crisis that in large part is imported. This human aspect of his personality, what he really is, meets with much sympathy, much affinity with the public. The people know that he perceives the problems and is trying to solve them.

Farhat: There is still another role that should be pointed out: the obvious sincerity with which the president speaks of problems and this is what most convinces the public. It is a question of a man that hides neither problems nor difficulties...

Garcia: ...He was very blunt in Cachoeira when, for example, he said that half our exports go to pay for imported petroleum and the other half to pay the foreign debt. It takes a lot of courage to say that...

[MANCHETE] This bluntness in the president's statements is what at times shocks our political elites. It is felt that a statesman should be more reserved, should even at times disguise his feelings...

Farhat: But this is not the temperament of Joao Figueiredo. The temperament of Joao Figueiredo is to tell it like it is. He has a great sensitivity for the problems of the people. And this sensitivity comes from personal contact. When faced with a problem, he tells it like it is. He has the courage and the frankness to say so.

Garcia: On his last day as chief of the SNI [National Intelligence Service], he told the reporters here in the palace: "There are many people that would like me to be different. But I will continue to be what I am." And he has never budged an inch from that position. It is a position he has had since he was born. He continues to be the man he always was. An image was created that the former head of the SNI was a gruff man. His close friends know he is not, and that today he is the same as he always was.

Farhat: Another thing: he never says anything just to benefit himself.

8834

CSO: 3001



# STATE COUNCIL MEMBER DISCUSSES CONSTITUTIONAL DRAFT

Santiago QUE PASA in Spanish 29 May-4 Jun 80 pp 6-8

[Interview with Juan de Dios Carmona, member of the state council and of the committee which prepared the constitutional draft, by Angelica Bulnes; date and place not given]

[Text] Although the baby had been born, he still had not been given his official baptism. This week, the state councilors will make a final revision of the constitutional report so that it can be delivered to the government. Along with the text which represents the opinion of the majority of the council, as reported by QUE PASA in January, the minority opinion presented by former senator Pedro Ibanez and suggestions for norms for the transitional stage will be included.

The normal course of events would be to await publication of the report so that parties interested in the subject could exchange ideas and give some heat to the debate. However, attacks, comments and suggestions on the constitutional draft started several months ago and recently surfaced again as the result of the polemic which took place between the so-called "hardliners" and "those who favor opening up the government" ["aperturistas"].

Juan de Dios Carmona, a member of the state council and of the committee which prepared the constitutional draft, has taken it upon himself to dot the "i's" with respect to the proposals and criticisms made of the future basic charter and at the same time to tell QUE PASA of his great disillusionment over the polemic which is dividing those who should be working to "channel Chile in the direction of an effective and stable democracy."

"Hardliners" and "Persons in Favor of Democratic Opening"

[Question] You left the Christian Democratic Party because you were convinced that it was necessary to support and collaborate with this government. What does a person feel in such a situation when he observes that among the selfsame government leaders there are divisions and polemics with regard to the political path that should be followed?

[Answer] I felt profoundly disillusioned in the face of the polemic. When several persons or sectors of the country have made a sacrifice to find the best solutions for channeling Chile into a modern and effective institutionality, which really serves the general interests of the country, it is disillusioning to read and hear opinions expressed in such a categorical and divisive manner. One only has to go into the streets to understand that the opinion of ordinary Chileans is that of support for the government as a whole. A unique process like the one being experienced by our country cannot be the subject of such diverse interpretations.

[Question] However, the polemic demonstrated that not only one solution was envisioned with respect to the institutional path but rather that there were various options....

[Answer] It seems to me that all those views on institutionality, with or without time frames, corporatist institutionality of institutionality of another kind do not make sense. They are tremendously fine points which should not prejudice the general idea of finding a suitable constitutional way out.

[Question] Would a suitable way out for Chile, for example, be of the corporatist kind?

[Answer] No. I feel that with regard to that point there would be an immense majority opposed.

[Question] But those who are leaning toward a regime of the corporatist kind maintain that the country would prefer a regional and trade union representation over the alternative of returning to the system of representation by political parties.

[Answer] I feel that those persons are subsuming the idea of trade union representation within a corporatist congress with the trappings of regionalism. This country has demonstrated a thousand times that it is not regionalist and that, on the contrary, has a unitary concept which is one of the most perfected in Latin America.

[Question] What would be a suitable institutional way out for you?

[Answer] There has been much talk about the constitutional draft without knowledge of it, and it has been criticized on the supposition of ideas that really do not exist. When the public becomes knowledgeable about the constitutional draft and the report of the state council, it will understand many things.

[Question] And when are the people going to be informed?

[Answer] When the council's report is published.

[Question] Will there be an official ceremony for its delivery to the president of the republic?



[Answer] I do not know, because it is not up to me but rather the president of the state council to make decisions on such matters.

#### Role of the Armed Forces

[Question] Some are saying that the constitutional draft is merely a reform of the 1925 Constitution.

[Answer] Every constitutional draft is basically a reform of the previous system. Those who are saying that the country is wiping out its institutions in order to establish absolutely new institutions are committing a profound error, because in such a case there would be no history of civilizations or men. Those are absurd hopes which the people are being made to believe in. We must make use of the institutions which the country has solidified. Who can maintain, for example, that we should abolish the judicial authority or wipe out the Central Bank or the office of the comptroller?

[Question] Others are saying that the constitutional draft is a return to the past....

[Answer] If the constitutional draft were so traditional and with it there would be a return to the past, do you not think that the "Committee of the 24" and persons opposed to the government would get together and support this draft? All those who believe in the power of the political parties, as it existed before, would also jump onto that bandwagon and...they have not done so. They are fighting it because they know that it is a different draft.

[Question] Does the constitutional draft envision a modern relationship between the branches of the state?

[Answer] A profoundly modern relationship. Anyone who believes that the constitutional draft is a modification of the 1925 Constitution is in for a big surprise. For the first time, there is a proposal for a presidential system truly adapted to the necessities and to what the country has always really wanted but which the different circumstances modified.

[Question] One of the most important and debated points is the role to be played by the Armed Forces in the future institutionalit. How will political power relate to military power?

[Answer] In the manner which is suitable now for a modern nation which, like the rest of the countries of the world, has a heap of problems of security, aggression, etc. I feel that no one, except a person who offers an opinion on these matters on the basis of demagogic criteria, can fail to recognize that modern countries need a fluid relationship between the political authority and what has been badly called, in my opinion, the military authority.

[Question] But political authority would be generated through the Armed Forces?

[Answer] No, the Armed Forces are not for that purpose. The political authority arises out of channels which correspond to the institutional sector; however, it has to relate in a suitable way to the military sector and with the idea of military collaboration in all matters which pertain to security and those relating to strategic undertakings.

[Question] No. Now we are taking matters to the extreme! It means the need for the existence of a National Security Council inserted in the Constitution. What has existed in the country up to now are organizations established by presidential decrees which at times do not have the force of law. And do not tell me that this is an idea incompatible with the concept of independence of the political authority! Top authorities such as Mr Balbin from Argentina, the leader of what we could call a democratic opposition of parties to the Argentine military regime, recently publicly acknowledged the inescapable need for establishing a National Security Council and for the participation of the Armed Forces in the political-institutional process of his country.

#### Constitution Now or Later

[Question] There are those who maintain that the constitutional draft will give a lot of authority to the political parties.

[Answer] That opinion means they have not read the draft. Political parties have a role of orientation of public opinion and a function which is extensively recognized in the Constitution, namely, the right of association. From this to supposing that they would have a monopoly on national representation and on the generation of political authority, there is a vast distance. One of the points which most differentiates the 1925 Constitution from the new constitutional draft is precisely this point: there is an end to the election monopoly of the parties through the electoral system, through the composition of the Congress and through the election of the president of the republic.

[Question] There are also those who would prefer to have political reform postponed until the seven modernizations have been implemented. What do you think about this?

[Answer] I have had a long political life and since I came to the age of reason I have heard it said that it was necessary to wait until new structures were established and that the generations should sacrifice themselves to find a better solution for future generations. A politician is always talking about hope and giving hope to others. However, life is not like that; societies are always in the process of development. In my opinion, if we want Chile to become a well-channeled democracy, it is necessary for the country to submit to an institutional process.

[Question] Then you are in favor of having a start made on the application of political institutionalism....

[Answer] It is indispensable, because it will be the guiding light, the guide to the manner in which modernizations should be carried forward. And the great principles will be established by means of which the country can be governed.

[Question] Others say that to approve the Constitution by means of a plebiscite and then to leave it in part suspended would not be responsible.

[Answer] But the Constitution would begin to be applied in its totality! What would be suspended for a period of time would be elections. And that would be only for the period specified.

Plot?

[Question] The daughter of President Pinochet said last year in an interview in EL MERCURIO that the constitutional draft of the Ortuzar Committee did not really reflect the thinking of the chief of state. Does that mean the constitutional draft has little possibility of being approved by the government?

[Answer] I can give you an answer with the saying: "Beauty is in the eye of the beholder." When the president of the republic states his criteria and those of the government, no matter how respectable the opinions of others may be, only then will we know what the president thinks of the new institutionalism. In the meantime, I feel that since he was the one who appointed the committee which prepared the constitutional draft, after which he sent the text to the state council for review and, at the same time suggested a procedure to follow in such matters, all of this supposes a very clear line with respect to the institutional path.

[Question] It was also stated that the constitutionalists were in a "plot" against the government and were trying by means of the constitution to shorten the time periods of the military regime.

[Answer] That is absurd and ridiculous. The one to speak definitively on that subject is the government and then national opinion, through a plebiscite. Since the government has requested opinions or suggestions on this matter it cannot be said that those who make suggestions are participating in a plot.

[Question] Would you be in favor of setting a deadline for the political path?

[Answer] One way or another, a deadline is met. I cannot conceive of not being able to note when the full application of a situation begins.

[Question] Do you feel that political agitation and small presidential campaigns would begin?

[Answer] The presidential campaigns are always open. (He said this laughing openly.) Well...every new step has its risks. However, you have already seen what happens to cautious men like Carter, who wanted a perfect plan to rescue the hostages in Iran. And he came up empty because of excessive caution. Risks have to be accepted as they are.

#### Appointed Congress

[Question] Last year you told QUE PASA that you were opposed to the appointment of a Congress during the transition. Do you still feel that way?

[Answer] That was my own point of view, not the opinion of the state council. However, there is strong feeling for the idea that a Congress is necessary so that there will be a kind of test run of the new institutionality; and that to me seems an argument of weight. I was opposed to the idea because it seemed to me that it was possible to make better and quicker progress if there were unity of action and legislation on the part of the government. However, I do not place essential importance on it; if it has been resolved to appoint a Congress, welcome to it because this, too, will mean progress.

[Question] Would you be in agreement with a Congress with trade union and regional representation?

[Answer] I am absolutely opposed to that idea because I feel that it is the antithesis of a military government and of a government which has a single economic plan.

[Question] Do you feel that the created interests of the various groups would take priority?

[Answer] The defense of trade union and sectional interests seems legitimate to me; however, it is not up to a congress to concern itself with the sum of sectional interests because at times they are profoundly at variance with the general interest of the country.

[Question] What would your opinion be if instead of the constitutional draft a decision would be made to write a provisional constitutional statute?

[Answer] That would not seem adequate to me because instead of giving solidity to the government it would be left in a fragile position with an express recognition that it is only a transition to something else. I prefer that it be the military government itself which begins to apply the definitive Constitution. That will give it internal and external distinction.

[Question] And what if a plebiscite were held which did not specifically include the constitutional draft, but rather would make reference only to certain political matters?

[Answer] That procedure would also seem inadequate to me.

[Question] Has there been another "opening up" cocktail party at your house?

[Answer] No!

[Question] Do you feel it necessary to have one, even if it is not at your house?

[Answer] No, because the facts are very clear at this time; and once the Constitution is made known by the state council I feel that the progress has to run its course. We will only have to seek an adequate method of giving information on the subject to national public opinion.

8143

CSO: 3010

## ARTICLES DISCUSS GOVERNMENT'S ENERGY POLICIES

### Firm Policy Needed

Bogota EL ESPECTADOR in Spanish 11 May 80 Sec A p 14

[Text] The cyclical quaking of the country at each hike in fuel prices, with its speed-up of inflation, loss of purchasing power in wages and the "unsolvable problem" psychosis, has been prompting the citizens to accept the fact that there may be no possible alternative other than the mechanism that is being applied, price hikes-inflation-personal losses; as if the Colombian were expecting the miraculous occurrence of something unidentified that would solve such a prolonged problem.

### We Are Heading Toward Bankruptcy

The supply of oil in "Orito" and other wells is becoming depleted. A torment lasting over 20 years anticipated the general lack of supply today. Everyone saw it approaching with increased speed, becoming desperate as the exporting of hydrocarbons continued apathetically. The exporting country, lacking in foresight, remained without sufficient production of asphalt, fuel oils and gasoline; and its production of propane gas, kerosene and gasoline is still declining.

### And the Bill Increases

The economy, such as it is, is growing; the energy needs are increasing; and the supply of automobiles is expanding.... and the passenger and freight transportation is increasing its dependence on oil, even to a far greater extent! The 160,000 barrels per day which the country consumes each year will become 200,000 in the future. Whereas, in 1980, it will take \$1 billion to meet a third of our needs, whatever the total is, it will probably not amount to \$3 billion. With a conservative "exchange" of 50 pesos per dollar, then it would total the astronomical figure of 150 billion pesos: the national budget for 1 year. This is something which all Colombians who work, produce and pay taxes will have to pay, unfairly, of course.



The expensive Colombian fuels and the hikes in oil prices caused by the weakening of the North American dollar on world markets, especially in Europe, situations created by the exporters that are members of OPEC, attest to a serious national problem. Seven years ago, a barrel of crude cost \$2.00; the price rose to \$20.00; and now it is close to \$30.00.

### **Mono-Transportation**

No one is exaggerating when he claims that, in Colombia, hikes in oil prices cause hikes in fuel prices, raise transportation rates and always make all of living more expensive.

This is because, concurrently with economic development, transportation is intensifying its ties with the supplies, the shipment of semifinished products, the carrying of finished goods and natural products, the trips to and from ports, and the loading and unloading involved in foreign trade, or bringing in and taking out passengers. The fear of a hike in oil prices is directly related to the type of transportation: Even though we have railroads, airplanes, coastal shipping and oil pipelines, all these combined only make up a third, whereas automotive transportation collects 66 percent of all the freightage.

### **Scapegoat**

Gasoline-powered buses and trucks virtually monopolize transportation, and devour fuel like crazy: 85 percent of the total amount produced and imported. Owing to volume, the figure rises another point. Only big trucks and tractor-trailers prefer ACPM. This trend is widespread, among private and government carriers, and there is no exception with regard to type of vehicle, large or small.

Therefore, of every \$100.00 spent on imported fuel, \$91.90 is for gasoline; and of every 100 gallons, 38 are used to move freight trucks, and 61 for passenger buses. Public passenger transportation consumes exactly 34 gallons out of every 100, while private automobiles burn nearly 9 gallons. This is confirmed by ECOPETROL [Colombian Petroleum Enterprise] and ANIF [National Association of Financial Institutions]. Hence, it is not surprising that we must conclude that any type of solution to the problem of expensive fuels must begin and end with automotive transportation.

### **Becoming Pioneers Again**

On various occasions, Colombian scholars, researchers and lending institutions have approached what is perhaps the most pressing socioeconomic problem. One of their methods has been to reexamine the real possibilities for using other means of transportation besides the traditional, gasoline-powered, automotive type that has become basic in Colombia.

Theoretically, the most functional and rational transportation systems, with less oil consumption and a proportionately greater carrying capacity that Colombians have had at their disposal, namely, railroads and river navigation, have been abandoned.

The railroads have been debilitated; they operate in a lagging manner, technically (also because of their narrow gage); they have been denied freight, and the replacement of equipment has stopped. In short, they have "missed the train" of progress. If, for example, there were a resumed attempt to build the interconnecting section between Bogota and the main line, parallel to Magdalena, heading toward the coast (the "Carare Railroad"), there would be a qualitative advancement in the service between the ports and the major cities, at least in savings related to the movement of cargo from foreign trade. The entire system would stand to gain. Modernization would begin on the most economical transportation system today, from the standpoint of fuel and ton-kilometer ratio, in the entire world.

The Magdalena River, which was excellent for cheap, basic transportation, was put in inequitable competition with the railroad, so that it too lost, and the truck importers gained. The river's main navigation channel has become increasingly "slow-moving," because the sedimentation that it carries is not being cleared by anyone in the way and with the frequency required. It survives as an artery for transportation, because navigable rivers like this can withstand all onslaughts, providing economical service, as the Meta confirms. There are even possibilities for the Amazon trapezoid.

#### Daring Policy

In a new atmosphere which allows for initiating the new, daring mentality, there has been a reiteration of the many different solutions which the country's economy and wealth offer for the chronic problem of the costly unilateral course of action involving oil energy that is used capriciously at present.

Experiments on providing electricity with solar energy to districts in two regions, together with pioneer inventions and development at the Gaviotas Center, in the middle of the Eastern jungles, indicate that the inherent feature of a tropical country, with abundant light during most of the year, is also a possible energy supplement.

Technical progress unquestionably offers attractive, economical and possible variants, such as establishing urban train, bus and taxi lines powered with energy produced in batteries, and with electricity.

A country with abundant uranium, Colombia, which has discovered valuable, nearby sources, some under exploitation, now has an opportunity not to take steps like that of the ill-fated "bonanza of petroliferous development." Rather, it should take serious steps toward placing the atom in the service

of peaceful development and progress, providing lighting for cities, and powering industrial complexes and transportation. In short, it should initiate the atomic industry in a country that is privileged to have (as few others do) uranium mines, the most valuable energy source of the future, sought after abroad. It should begin by stopping the unfair contracts which have been secretly taking uranium out of the country for over 30 years.

#### Coal-Chemical Industry

At the moment, an incentive is the discovery that, with the multimillion resources found in coal, there is no need to fear for the future, if consideration is given to it.

Part from the (let us say, basic) increase to feed locomotives (Europe is doing so again), coal generates power and supplies raw materials for the chemical industry. It produces electricity and, in particular, is a basis for setting up a solvent, stable, coal-chemical industry, which is a key activity in the modern world. Let it begin to complete the present petrochemical industry. Coal provides in the form of by-products practically as many products as petroleum, even gasoline! In this way, the millions of tons of coal in the country would be put to work, on the condition, of course, that no "carboniferous bonanza" of any kind takes place, exporting it in the virgin state, and leaving a huge hollow space in the country.

Diversifying sources of energy and raw materials (and hence fuels) affords new opportunities for industrialization, decentralization and equilibrium in the country, particularly in the rural areas and in the 70 small and medium sized towns with a combined population of over 10 million.

#### New Hope

Hence, there are alternatives, but also a new hope.

The possibility of replacing gasoline with alcohol is a daring, tangible reality, with unsuspected implications, even that of offering a more "decent" future to the scores of companies which make up the "bar-room state," and also making room for the new "energy state," initiating the era of fuels originating in annual planting and harvesting.

If we find ourselves in a poor position with respect to energy, and have less abundant, cheap, fuel of our own, the search for new substances is on the agenda. Here too, there is the process whereby price hikes give an incentive for technical search and invention, to apply new types of technology, and to bring the country up to date.

The native scientists agree that this search associated with alcohol is matched by an abundance of natural resources. It is almost within a hand's reach to produce methanol (using the abundant natural gas on the Atlantic Coast, for example), and in particular, ethanol, utilizing agricultural products

to be mixed with gasoline in a proportion that the experts give as up to 25 percent, reducing that consumption nearly the same amount. In this case, the owners of the present vehicles can take advantage of the innovation. The features of the alcohol, which is anti-knock, allow it to be mixed with gasoline without any mechanical modification, by merely getting more of a "spark" from it!

There are projects and programs which could be implemented with relative ease, aimed at replacing a third of the 45,000 barrels of gasoline imported daily, and producing alcohol originating in discarded raw material from surplus sugar, yucca, sweet sorghum and even potatoes.

Colombia has sufficient land, climate and solar stability to produce the new source of energy, alcohol, on a massive industrial scale. The cycle of obtaining alcohol (plantation-distillery) is adaptable to nearly any region of our country, and the beginning of a production system is already evident in the departmental liquor companies.

#### Obvious Example

When considering the introduction of vehicles which operate exclusively with alcohol (without any amount of gasoline), and the complete replacement of petroleum in automobiles, we go beyond a mere saving of hard currency. The alcohol, produced industrially from renewable raw materials of agricultural origin, serves as a powerful tool for agroindustrial development that is capable of changing the face of large rural areas, with modern agrarian industry, integrated in the midst of large expanses of crops produced with technology.

For example, ECOPETROL has scheduled an alcohol production plant with a capacity for over 20,000 gallons.

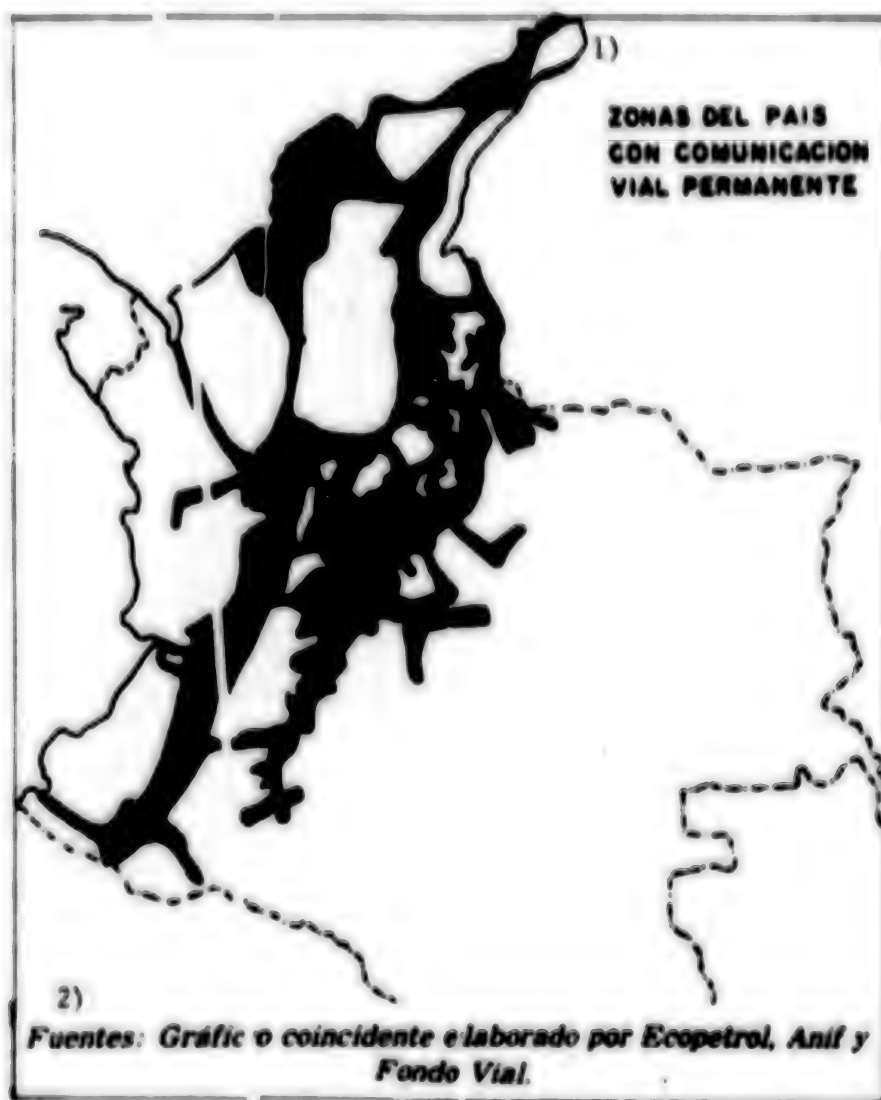
This new progress is under way internationally. In Brazil, after 5 years, the production of automobiles using alcohol has reached tens of thousands. This year, with all the automobile plants, the government has scheduled over 200,000 units. Over 300,000 "alcoholized" cars are expected to be circulating this year.

Coming down to earth, in Colombia there are two "alcohol-powered" cars assembled and operating, which are being tested on the national territory.

#### Penultimate Warning

Serious thought is required: we are heading toward danger, but we do not have to continue. There are alternatives; the course can be changed. There is no reason for us to be doomed to remain in the dark, in the future or past; if we make up our minds to it. It is a kind of national proposal: to search for and diversify our energy sources, the sources of fuel, and to "plant and harvest energy;" not only substituting for oil imports, but for the oil itself! We are in time, if we start soon.

Sources consulted: ECOPETROL, INTRA [National Transport Institute], ANIF, MINMINAS [Ministry of Mines and Energy], FEDECAFE [National Federation of Coffee Growers], UN. Reports by the researchers A. Colmenares, Ernesto Guhl, Alvaro Barrera, Guillermo Duque, T. Sabatto and Camilo Bleier.



**Key to Map:**

1. Areas of the country with permanent road communication
2. Source: Coinciding chart prepared by ECOPETROL, ANIF and the Highway Fund



1) <i>A Dónde Va Cada Peso de la Gasolina</i>			
	3)	4)	5)
2) PARTIDA	Gasolina corriente	Gasolina Extra	ACPM
Precio refinera 6)	\$ 5.06	\$ 6.65	\$ 7.35
Impuesto de ventas 7)	1.84	1.84	0.20
Contribución al Fondo Vial 8) Nacional	5.69	7.49	4.08
Precio refinera con impuestos 9)	12.59	15.98	11.72
Transporte por oleoducto 10)	11.65	14.15	10.61
Tolerancias 11)	0.13	0.16	0.12
Costo en planta 12)	24.37	30.29	22.45
Impuesto departamental 13)	0.04	0.04	-
Costo en planta más impuesto departamental 14)	24.41	30.33	22.45
Margen bruto del distribuidor mayorista 15)	0.62	0.85	0.75
Precio de venta en planta 16)	25.03	31.18	23.20
Margen bruto distribuidor minorista 17)	0.97	1.32	1.30
Precio al público 18)	\$26.00	\$32.50	\$24.50

19) Fuente: Este gráfico fue elaborado por la Asociación Nacional de Instituciones Financieras para su trabajo sobre transporte.

Key to Table:

- |  |  |
|--|--|
| 1. Where Each Gasoline Peso Goes             | 15. Gross margin of wholesale distributor  |
| 2. Item                                      | 16. Factory sales price  |
| 3. Regular gasoline                          | 17. Gross margin of retail distributor   |
| 4. High-test gasoline                        | 18. Price to the public  |
| 5. ACPM                                      | 19. Source: This table was prepared by the National Association of Financial Institutions for its report on transportation |
| 6. Refinery price                            |  |
| 7. Sales tax                                 |  |
| 8. Contribution to the National Highway Fund |  |
| 9. Refinery price with taxes                 |  |
| 10. Transportation by oil pipeline           |  |
| 11. Allowances                               |  |
| 12. Factory cost                             |  |
| 13. Departmental tax                         |  |
| 14. Factory cost plus departmental tax       |  |



## Government's Policy Outlined

Bogota EL TIEMPO in Spanish 15 May 80 Sec A pp 1, 2

[Text] Following are the main programs adopted by the government of President Julio Cesar Turbay Ayala for the development of the country's energy resources:

### Oil Exploration

Intensification of the exploratory activity, both on the surface and through drilling, by means of direct action on the part of the Colombian Petroleum Enterprise and the joint effort of foreign companies in partnership contacts. The goal will be to carry out a program including the drilling of 700 wells over the next 7 years, which should make it possible to discover 2 billion barrels of new reserves.

With seismic, and, insofar as possible, geophysical exploration, coverage of the majority of the sedimentary basins with potentially abundant hydrocarbons, including the underwater platforms of both oceans.

Carrying forward the exploration work with the appropriate facilities required by the increasing complexity of this activity in our country.

Maintenance of a policy that will encourage the incorporation and permanence of foreign companies in the petroliferous exploration of our soil.

### Production

A reduction in the declining production rate, by means of programs of investment in the maintenance of wells and secondary recovery, as well as the incorporation of reserves already known and of those discovered.

Initiation, as soon as possible, of development of the Cocorna, Castilla and Casanare fields.

### Refining and transportation.

Expansion of the Cartagena refinery, and construction of a new refinery in the plains area, to handle the production from the discoveries already made and to be made in this section of the country.

Maintenance and expansion of the system of oil pipelines and polyducts, especially in the section from Ayacucho to Santa Marta.

Establishment of a suitable storage capacity for petroleum and by-products in the leading supply and consumption centers.

## Natural Gas

A trend toward suitable development and use of the existing gas reserves, in order to ease the shortage of liquid fuels that is anticipated.

Establishment of an order of priorities based on technical and economic criteria and national benefit, to make use of the surplus gas on the northern coast, among the various projects that have currently been proposed, such as:

Construction of a methanol plant;

Building of a gas pipeline to the interior part of the country to meet demands of an industrial type;

Construction of a fertilizer (ammonia-urea) plant;

Direct use as fuel;

Liquefaction of gas for domestic consumption or export;

Reduction of the rates of loss of associated gas, fostering its use or reinjection;

Promotion of exploration for and further information about the gasiferous prospects on the northern coast.

## Coal

Establishment of a legal framework that will allow for the development of this resource, its suitable use and the maximum benefit to the national economy (Law 61 of 1979, and its regulatory decree).

Promotion of the programs to replace the consumption of fuels derived from petroleum and natural gas with coal in industrial processes, and in the generation of power.

Procurement of further information on the country's carboniferous potential by developing detailed exploration programs, related to use in new thermal and industrial development..

Bolstering of the operations and finances of CARBOCOL [Colombian Coal Company, Inc] as an entity carrying out the development plans (Law 61/79).

Development of the programs for the El Cerrejon central and northern areas, so that they may go into effect in 1982 and 1984, respectively.

Expansion and improvement of the highway, railroad and port infrastructure, to facilitate the movement of the increasing volumes of product for domestic consumption and export.

Stimulation of Colombian and foreign investment associated with native capital in the coal industry.

Promotion of the development of the coal producing areas through investment in infrastructural programs and participation in the government revenue produced by the development.

Backing for and, insofar as possible, shared participation for all the regional coal development projects.

A strong impetus for exports of thermal and coking coal, taking into account the national medium and long-term requirements.

Study and prospecting involving plans for the use of coal as a source of liquid and gaseous fuels, a solution that is viewed as having immense prospects for Colombia's energy future.

### Electricity

The generation plan that has been carried out, to be executed until 1983, including an increase in the installed capacity of 3,300 MW, in 16 projects. It must adhere stringently to the timetables and dates stipulated for the different powerplants to go into operation.

Continuation of all the preliminary procedures and action required to insure fulfillment of the 1984-88 generation program, which will bring into the system an additional capacity of 3,175 MW.

By 1988, the country should have the following installed generating capacity: hydraulic: 8,684 MW; thermal: 1,855 MW; total: 10,539 MW.

The electrical system on the northern coast will be prepared for the substitution of natural gas with coal, when El Cerrejon has the capacity to supply the latter resource, a process due to begin in 1982; and all the thermal plants constructed henceforth will be required to operate with coal.

There will be an intensification of the study and evaluation of the country's electrical potential, in order to allow for a long-term planning that will determine its development on the basis of the best technical and financial opportunities for the national electrical system.

There will be a revision of the institutional organization of the electrical sector to achieve optimal and rational service in an orderly and efficient system. In this regard, an attempt will be made to avoid the management of hydroelectrical reserves of a preeminently regional nature.

Inasmuch as the country has not attained suitable rates of energy consumption per inhabitant, a massive electrification plan will be developed in the rural area.

The transmission programs, particularly that for the interconnection with the Atlantic coast, will be given maximum priority with respect to operations and financing.

In accordance with the supplies of financing in each company in the sector, a program will be kept in progress for renovation and modernization of distribution systems, in an attempt to reduce the losses to a minimum.

As a solution for the areas wherein the interconnection proves impossible technically and economically, a national plan will be adopted to use unconventional energy sources, including the construction of mini-powerplants, and the study and application of energy alternatives, such as biomass, geothermal energy, solar energy, etc.

In view of the likelihood of possible electricity rationing during 1981, 1982 and 1983, the necessary decisions will be made on the construction of most advisable emergency additions to thermal facilities.

Owing to the large investments that the sector will have to undertake, the proper studies and research will be carried out on the current system of electricity rates, so that the service will be profitable and cover not only the costs of maintenance and operation, but also those of investment and expansion.

A plan and the feasible mechanisms will be coordinated and set up with the different government entities to achieve the conservation of the watersheds, and to prevent deforestation and ecological damage to our hydroelectric potential.

#### Production, Demand for Eighties

Bogota EL TIEMPO in Spanish 15 May 80 Sec B p 4

[Text] Over the years, the commercial energy consumption in Colombia has shown higher rates than those reflected in the growth of the gross domestic product. However, since 1970 there has been an average increase of nearly 6 percent per year, closely resembling the rates of growth in the economy as a whole.

The relationship between the growth indexes in these two variables during the past decade has remained almost equal, with a slight tendency to decline in the past few years; thereby attesting to some progress in the efficient use of energy or phenomena related to the trend of the Colombian economy, directing the composition of the product toward activities that do not make intensive use of energy, as in the case of the increment in the financial sector and that of services.

The consumption per inhabitant rose from 3.2 barrels of equivalent petroleum in 1970 to 4.2 in 1979, indexes which still rank us far lower than the Latin American average: 7 barrels per inhabitant.

If we observe the energy situation as a whole over the past decade, as shown below, there has been an obvious reduction and stabilization in domestic energy production, with the resultant initiation, starting in 1975, of a definite increased importing of energy. For example, the relation between domestic production and demand, indicative of overall energy self-sufficiency, has shown a deficit, standing at 1.6 in 1970, and only 0.92 in 1979.

Summary of the Energy Situation (in millions of equivalent tons of TEP oil)

	1970	1975	1979
Total demand	9,325	12,434	15,364
Domestic production	14,986	13,401	14,118
Imports	16	281	2,687
Exports	5,677	1,248	1,441
Population (thousands of inhabitants)	20,770	23,864	26,487

In the composition of the energy structure, petroleum is still the main source of supply, currently accounting for 51 percent of the consumption, in comparison with 59 percent in 1970. That relative decline in the participation of this resource is a result of the trend toward replacing by-products with coal, natural gas and hydroelectricity, resources which are more abundant internally.

As for the sectorial use of energy, although the largest percentages of consumption still relate to industry (51 percent in 1979), the most dynamic increase is noted in the transportation sector, which increased its share from 32 percent in 1970 to 37 percent last year. The remaining 12 percent of the consumption is distributed among the residential, commercial and services sectors.

Stress should be placed on the marked growth in the transportation sector, particularly since 1975, caused by the expansion of the automotive industry, a phenomenon that explains the growing demand for fuel and its tendency to increase in the future if this industry continues to have the rate of development that has become evident, not only in our country, but also in the other members of the Andean Pact.

#### Prospects

Assuming that there conditions similar to those of the recent past with regard to efficiency and intensity in the use of energy, the energy requirements to maintain an annual average growth rate of 7 percent in the gross product would show the following composition, according to sources of supply over the coming years:



### Projection of the Energy Demand

	1980	1985	1990
Total demand (thousands of TEP)	16,149.6	22,334.6	32,458.4
Petroleum	50%	47%	42%
Natural gas	21%	21%	17%
Coal	22%	22%	31%
Hydroelectricity	7%	10%	10%

With a continuation of the substitution programs, and in view of the outlook for a shortage and high prices of hydrocarbons, the relative share of these resources in the energy pattern as a whole should decline toward the end of the decade, when the demand for energy, based on the plans and programs that have been devised and are currently under way, will be geared to the intensive use of domestically abundant primary sources, such as hydroelectricity and coal.

With regard to the composition of the energy supply, a marked increase in domestic production (8.4 percent per year) is projected, on the basis of projects for medium and large-scale coal mining, new hydroelectric plants with optimal production rates and the use of known gas reserves. For reasons of stringency in the diagnosis, no account has been taken of the participation of new oil reserves that may be discovered, or the production of alcohol to be used as a possible mixture with gasoline, a program that is well under way. The development of already discovered deposits, such as those in Castilla, Cocorna and the Casanare fields, which are expected to contribute from 40,000 to 50,000 barrels per day by 1983, has been included.

Taking the foregoing into account, a future pattern of energy supply from conventional sources in the country would appear as follows:

### Projection of the Energy Supply

	1980	1985	1990
Total supply (thousands of TEP)	14,458.9	22,231.9	32,421.6
Petroleum	40%	25%	13%
Natural gas	26%	26%	17%
Coal	26%	39%	59%
Hydroelectricity	8%	10%	11%

As may be noted, the most dynamic growth during the decade will occur in coal (17.3 percent) and in hydroelectricity (11.0 percent per year). Included in these high rates are the development and execution of such projects as El Cerrejon, and the powerplants in Betania, San Carlos and Mesitas, the Cerrejon Thermal plant, Zipaquira, Chinu, Paipa, etc.



Despite this dynamic growth, its comparison with the status of demand that is assumed shows a continuation of the energy deficit, although with a downward trend, until the second half of this decade or before, in the event that there are further discoveries of oil, and options for mixtures, the plans for which are currently under way, are taken in the area of fuel consumption. Also, the action that is expected to be taken in the area of energy conservation and savings, after prior arrangement with and backing from all the sectors and activities that depend on energy for their development, could unquestionably help to make a considerable change in the future status of the national energy sector.

(Excerpts from the address given by the minister of mines and energy, Alberto Vasquez Restrepo, at the opening ceremony for the Third Congress on Consulting Engineering and Energy Development, Medellin, April 1980)

#### Betania Plant Ready Next Year

Bogota EL TIEMPO in Spanish 15 May 80 Sec B p 4

[Text] Next year, construction will begin on the Betania hydroelectric powerplant, located 30 kilometers south of Neiva.

Participating in the project, which is intended to make use of the hydroelectric potential of the Upper Magdalena and its tributaries, are the Colombian Electrical Power Institute (ICEL), and the electrification plants in Huila, Narino, Cauca, Tolima, Caldas, Cundinamarca, Boyaca, North Santander, Choco and Caqueta.

With a total investment of 25 billion pesos, the Betania hydroelectric plant will begin generating 510,000 additional kilowatts of electric power in 1985.

The project includes the construction of a dam or dike 80 meters high, located 200 meters downstream of the confluence of the Magdalena and Yaguara Rivers. In this way, a reservoir will be formed which will cover an area of 7,400 hectares. Three turbines, each with 170,000 kilowatts, will generate the power to be transmitted to Neiva and Popayan, and redistributed from those locations to different parts of the country.

Simultaneously with the execution of the project, there will be a preparation of thousands of hectares to be incorporated into agricultural and livestock production, as well as reforestation plans, and a new highway will be built between Yaguara and El Hobo. In addition, the highway between the dam, Betania, El Juncal and Neiva will be improved, shortening the distance.

The Betania project, which will produce 2,000 jobs during the construction phase, will make it possible to regulate the volume of flow of the Magdalena River, in order to control the floods during the winter season, and the droughts during the summer.

2909

CSO: 3010

## GENERAL MATA LLANA ADVOCATES SOCIALISM

### Social Problems Cause Subversion

Bogota EL ESPECTADOR in Spanish 18 May 80 Sec A p 16

[Part one of interview with Gen Jose Joaquin Matallana by Azriel Bibliowicz; date and place not given]

[Text] Gen Jose Joaquin Matallana is perhaps one of the most prominent members of the Armed Forces in the country. His activity in the DAS [Administrative Department of Security] and his dismissal by President Lopez continue to be the subject of controversy. Jaime Bateman, commander-in-chief of M-19, has again placed General Matallana in the center of the national stage, claiming that the latter was about to capture him. It is not easy to interview the general, who is in complete seclusion, nor to have him discuss issues relating to the military institution. Nevertheless, in an exclusive for EL ESPECTADOR, General Matallana decided to grant Azriel Bibliowicz an in-depth interview, so as to discuss a series of pressing matters which are affecting the state of the nation, such as M-19, torture, subversion and the direction in which the country should be heading. The following is a mosaic of four conversations held with General Matallana.

AB: General, if one analyzes what occurred at the Embassy of the Dominican Republic, did the government win or lose in that incident?

JJM: I think that the bloodless solution of the problem at the Embassy of the Dominican Republic was a matter in which both M-19 and the government won. But, in my opinion, M-19 won more. Although M-19 was unable to carry out its original intention of taking some of those being held with it, it is obvious that they obtained negotiation on the same level, which was virtually made official, with the OAS' guarantee. As a result of the seizure of the embassy, M-19 won some concessions, promises and basic principles from the government regarding impartiality in the trials, and a rejection of all evidence that might be impugned for having been submitted in violation of the legal regulations to which it is subject according to the military penal code.

M-19 did not take away any prisoners, but it obtained from the government a formal declaration, a pledge, a guarantee and a pact which would, henceforth, put an end to the irregularities that brought about this entire scandal of the visit from Amnesty International and its report. In other words, I consider it a policy error not to have paid attention in time to those who were revealing on the national and international levels that irregularities and abuse were taking place in the country. The government itself could have put an end to this process in a more emphatic, precise and objective way, and it would not have been forced to do so under pressure from the guerrilla action at the embassy.

AB: In other words, you think that the big winner was M-19?

JJM: Well, from a political standpoint, I think so. It cannot be denied that M-19 evoked great sympathy among the popular masses which it did not have prior to that incident.

AB- General, if we look at M-19 in a broader context, in other words, that of Latin America, we note that the Montoneros in Argentina came into existence from among the Argentine extreme right. Furthermore, their first members were informants of the Argentine Army itself. Could there not be a parallel with M-19?

JJM: Yes, I see a parallel with the evolution that you have mentioned, because there were unquestionably elements from the extreme right who later joined the movement. It is possible that, at the national courses and conferences that they held, there were very clever individuals with a different philosophy who convinced them of the necessity of a struggle to reestablish democracy, and that they thought it over and realized that this was an approach which, although new to them, was useful in view of the country's status.

AB: General, it is claimed that M-19 means M for military and 19 for the letter R, which is the 19th in the alphabet; and hence R stands for retired, that is, retired members of the military. What is your view on this?

JJM: There must undoubtedly be some retired members of the military, because the type of operations, the precision with which it has acted and the way in which M-19's spectacular attacks have been planned and executed warrant the conclusion, without any question, that both Colombian and foreign military experience was applied. Now that there has been so much emphasis on the presence of Tupamaros members therein, we realize that this is likely. I have always doubted that the entire movement was exclusively Colombian; it has to have foreign advice.

#### Torture

AB: In connection with the Army, there has recently been a series of accusations charging the Colombian Army with using torture. Does the Army have a

clearcut idea of human rights as they are interpreted, for example, by Amnesty International, or the OAS Human Rights Commission?

JJM: I believe that there is material in the military schools and in the advanced courses at the War College which is closely related to the international regulations to which the country is bound. This is how I see it: The attack which the military institution sustained a year ago, with the theft of weapons, undoubtedly forced it to make an unprecedented effort to find those who had offended and attacked it in that way. As you must understand, over 5,000 weapons in the hands of subversive elements could have caused uncontrolled violence in this country immediately. So, I could not criticize the unprecedented effort made by the military institutions to retrieve those weapons; and, since they succeeded, it was an undeniable success, which is admitted by the subversives themselves. But I must say this: The procedures which were used were new in our institution, and unfortunate. I was shocked to see military interrogators wearing hoods. I never wore one, and I don't think that the majority of the military who are now retired have worn one. I must say quite sincerely that this incident evokes my disapproval. For the execution of typically political tasks, the state has agencies which are at this time watching and observing, but not committing themselves. I see no need for making midnight searches, or captures of a kidnapping type, or engaging in torture, whether a private, or an officer or a sergeant is involved in doing so. Such practices must have been imported from the countries in the southern part of the continent. I consider them unfeasible and illegal, because, according to the legislation that we have in force, even on the level of a mere detective, the law requires that the "secret" official must appear face-to-face with the accused whom he is arresting, or on whom he makes a report to his superiors and to the judge. The law requires that the detective give his correct name, and his identification papers, rectify his reports and appear in person at the confrontations with antisocial individuals and the accused. If all this holds true for a civil servant such as a detective, why should there be a desire to establish an obviously contrary procedure in the case of the military personnel assigned to intelligence services, and even uniformed personnel? I see no reason for continuing this procedure to protect investigators which is backed by certain ministers. I think that it runs counter to the legal regulations and, I repeat, I find it new and unsuitable for the armed institution.

#### Martial Law

AB: What do you think of this lengthy period of martial law to which the country has been subjected?

JJM: I am overtly opposed to the continuance of martial law. It is a system which no longer has anything to say, if we consider the practical issue. The government has clung to it all these years with the argument that the military proceedings must be completed. This is a rather difficult matter if we bear in mind the statistics on the number of proceedings to be considered by the military judges and the higher military court. Besides, let us be

Frank: What is being done is merely delaying longer the inevitable practice of the civilian justice system resuming authority from the military justice system as soon as it receives the penal cases from the latter, as has occurred every time martial law was lifted. Apart from that, as many people have remarked, we are in a state of martial law, but the reason no longer exists.

AB: To what extent has martial law been convenient for the Army, from the standpoint of reducing the number of years for rendering service? Do you think that this has been a factor preventing the lifting of the martial law?

JJM: No, the military forces had no part in this. Many people mistakenly think that, with martial law, the military and the police earn more, or can spend fewer years in service, so as to be able to retire. It is merely that, at one time, up until a few years ago, "double time" as it was called was for retirement benefits and accelerated the possibility of reaching retirement. It meant nothing more, and it has now been ended. At the present time, it does not represent any special prerogative for the Armed Forces.

AB: What is your opinion of the Security Statute?

JJM: With regard to the Security Statute, I must say that the most unfortunate part of it is its name and the preeminently political quality that has been given to it; because it is essentially a tool for combating subversion, and opposition as well.

It is completely lacking in speedy, drastic laws against common crime, which is what attacks the citizen most, both in the rural and urban areas.

#### Subversion

AB: General, what do you think are the causes of subversion in Colombia?

JJM: Nowadays I do not have the slightest doubt, and I realize more clearly than when I was in uniform, that subversion has a social origin, and that there has been an attempt to evade the responsibilities of a state. How can a state be incapable of feeding people who have no food and who are dying of hunger? I think that a big scandal is being made now about the people who are going to Cuba, and do we have a right to talk about that? How many people leave here disenchanted and perhaps, unfortunately, do not want to be Colombians again? What will happen on the day that the doors are opened to other nationalities? Everyone is in a mad rush to make "queues" so as to be given another nationality. It is painful to observe that. Unfortunately, I must admit that subversion has undeniable social grounds. The government talks about programs involving hundreds of millions of pesos, and the most basic things such as food, housing, charity, the prostitute who offers herself on the street and the street urchins. Can these things be impossible to resolve?



AB: In other words, an impossible mission is being asked of the Army if the social problems besetting the country are not solved?

JJM: Yes, all the governments during the last 22 years which the two parties have been ruling were told this. Let us take the example of the meetings held in Cimitarra, even in the presence of the president of the republic, whether he be labeled a liberal or a conservative, to demonstrate that the causes of the guerrilla groups that were starting to operate in that area of the Middle Magdalena were the neglect of the area, the total and absolute lack of a single passable road, and the absence of the most basic health services. The president, in good faith, ordered: Let us carry out this plan submitted to us by the generals, Valencia Tovar, Rodriguez Lievano, Rincon Quinones, Vallejo Ardila, etc. But where are those plans? The disturbing thing is that, 10 years ago, the FARC [Revolutionary Armed Forces of Colombia] actually numbered two, and today we have 10; and since a front is started every 4 or 6 months, that is how it stands, and in my opinion we are reaching a point of no return. The fronts that are, why deny it, exist because they find a sympathy among the people of the area which, either with demagoguery or without it, causes the farmer to conceal them or, if not, at least to have them concealed.

AB: Then it is impossible to solve the guerrilla problem with the use of arms?

JJM: In view of the dimensions that the armed groups have acquired, and the backing and sympathy that they have gained in vast urban and rural areas which are suffering serious social problems that are besetting the country, I think that, at this time, with the capacity and resources that the Armed Forces may have now, the solution cannot come from arms. The solution must be political, not military.

#### McCarthyism

AB: In an interview with EL ESPECTADOR, Senator Luis Carlos Galan said that there is in the Army an obviously McCarthyist concept of national phenomena. What is your opinion of this claim?

JJM: We must consider first of all the fact that the armed institution is hierarchical in structure and comes under the president of the republic, who is, at the same time, head of state and of a political system that has been created and set up in the country. During these 22 years of a National Front, we know that there has been no opposition. The system is the same, whether the party president is changed or is not changed. Both parties are in the government, and thus a government party and a total absence of opposition have been established. In view of the lack of opposition, the option has been taken for an easy solution, branding everything that is a frank criticism of the system not only as negativist, but also as subversive. The armed institution has followed that pattern of its constitutional chief, and may believe, even unconsciously, that anything showing opposition is subversive and that it is their constitutional duty to combat it. So, I think that the statement made by Dr Galan is correct.



## Gagged Generals

AB: There would appear to be an attempt to gag the military who are in retirement, who seem to have gagged themselves because they have allowed much of their freedom of speech to be taken away from them. A recent decree issued by the Ministry of Defense banned them from speaking freely or expressing opinions on any subject related to the military institution and politics, and restricted their activities. Why do you think there is a fear of having the retired military express themselves and give their views on what is happening in the country?

JJM: Well, a recent regulation of the disciplinary system for the Armed Forces included a general rule restricting the freedom of speech of those who are retired when associated with preeminently professional matters. It was very general, and was never implemented. But, a few months ago, an advance copy of a new decree relating to the disciplinary system was published, and EL ESPECTADOR was the first to bring it to the public's attention. When it was read carefully by the retired military personnel, they found that, by intensifying the old ruling, it would unquestionably interfere seriously and deeply with the freedom of speech of the retired military, leaving them with the status of an incomplete citizen. This is because, in the case of officers, when they give up their military duties they acquire their full citizen's rights for the first time. I think that there might be restrictions banning public statements which could upset national security, or cause harm to the military institution; but they should not go so far as to put the retired personnel on an equal footing with, and demand the same cautiousness, restraint and attitude as they would an officer in service.

That fear of allowing the retired military to speak that we are observing is unwarranted, because every one of them is responsible enough about what he says. Furthermore, there are no military secrets in Colombia; and hence, the only explanation for this precaution must be excessive anxiety over "military secrecy," or a desire to preclude criticism of those who bear responsibility for the armed institutions, or else a political measure aimed at prolonging the non-participation of the military in deliberations when they have ceased to be in service.

## Socialism

AB: On the basis of your analysis, where do you think that the country should be heading politically?

JJM: I have no doubt that, in order to progress steadfastly toward truly sound, important and human goals, the country must advance in the direction of socialism, and make a deepseated change in the sell-out that it has made to a greedy and unfeasible capitalism to resolve the status of the Colombian people. But it should be stressed that the country must head toward a socialism based on the problems and realities of Colombia, so as to remedy them.

In my view, this socialist approach geared to the national reality can be achieved only with one of these options:

1. With a government of sufficient integrity to assume the historic responsibility of departing from the present red tape and to call upon the people to express their desire for a drastic, rapid change in all the regulations that have allowed the country to reach its present situation: the inequity and big gaps between the social classes.

2. With a new movement that will motivate the masses for a future electoral debate convoked by the system, instead of voting for a few outworn names, and for the same politicians as ever; and that will call upon the people to express their views on a mass scale, seeking a thorough revision of the structures and the change that is needed.

3. This final option, and I hope that it will not come, for it need not come, is that of armed struggle, which will follow its course until there is a general insurrection capable of destroying everything that is now established, and damaging to the country. Obviously, since we are peace-loving Colombians, the first would be desirable, and if that is impossible, the second....but it is the third which is unquestionably progressing.

(Tomorrow: amnesty for the guerrilla groups, social composition of the Army, image of the Army, the Church, corruption of the politicians)

#### Amnesty Advocated, Army Corruption

Bogota EL ESPECTADOR in Spanish 19 May 80 Sec A p 14

[Part two of interview with Gen Jose Joaquin Matallana by Azriel Bibliwicz; date and place not given]

[Text] In this second part of the interview with Gen Jose Joaquin Matallana, he analyzes the social composition of the Army, the need for amnesty for the guerrillas, the corruption of various institutions and the reason that the cardinal is an honorary general.

#### Social Composition of the Army

AB: What is your view of the Army as part of the overall social framework of the country?

LJM: There is no doubt that the Colombian oligarchy is the most intelligent, the most powerful and the most competent in Latin America. The merger that we observe in it of political and economic power is detrimental. It is fortunate that we do not have in this country, as in others on the continent, military power closely associated with these two types of power. One of the things that has kept the social situation in the country from being

more serious is that, luckily, our Army is of an authentically popular essence: 99 percent of its members come from the middle and lower middle class, and this has proven to be a restraint. If not, you can imagine what the situation would be like. That is a fortunate thing, but what is not at all fortunate is the fact that this ruling class concentrating those two types of power in the hands of a few is enormous. This has been supplemented with the other caste which came into being and has been perpetuated in power: namely, the politicians, who have now just been given a gift, through a constitutional ruling that did not exist before, of having a hand in the budget, so as to guarantee and insure their indefinite re-election, and thereby dominating the country, one section after another. The country's salvation would be to have a strong government heading toward socialism, and capable of checking these two powers which have become excessive and have been protected by the official regulations, making profits without any regard whatsoever for the fate of the great national masses. I consider such a government very difficult to achieve under the present circumstances, because they have already set up an entire apparatus to prevent that type of government from arriving. You can observe that there is no serious regulation against the monopolies succeeding here, nor one that would curb the influence of the personage himself on all the economic areas that he controls. Would that the country had a ruler with the historic integrity to call for a popular consultation and thereby put an end to the formal procedures which are now very well established to keep the situation continuing unchanged and heading for failure; because the blindness of these political and economic leaders prevents them from realizing this.

These rulers have refused to become aware of the ground on which they are treading; they do not realize that they are the first ones who are going to lose all their privileges. Although we realize from their cleverness and from the way in which they are running Colombia, that they think all their fortunes and their families will be saved in the end by leaving the country. You can observe that, owing to the mere fact that the Embassy of the Dominican Republic was occupied, there was, as I understand it, a large exodus of capital. That is the kind of patriotism that this ruling class has.

AB: You say that the Colombian Army, unlike others such as the Chilean or Argentine, is composed basically of the middle and low class. You also claim that this has been its salvation, from the standpoint that it is not part of the Colombian oligarchy. However, strangely enough, we are observing the Army giving courses to the oligarchical classes and those ruling the country, thus enabling them to join the Armed Forces. What is your opinion of this?

JIM: Well, insofar as I am aware, this initiative started to partially correct one of the serious shortcomings in the nation's security. Therefore, say what you will, our military service has been one of the most poorly oriented areas, which has been impossible to improve substantially, because

of the political pressure itself, and the view of the ruling classes that they should not join in the difficult, dangerous work of security, despite the fact that security is working for them. Fortunately, in recent years there has been a progressive increase in the number of certain schools attended by the upper and upper-middle class offering military service and coping with the enormous pressure that is wielded, by the recruitment service in particular, every time a "well-off" boy is concerned, not to have him render military service. This bringing of the children of the ruling class into the Army has been an accomplishment that really represents a victory for the commands in recent years. We might very well have an army of degree-holders, and it would be making a contribution to social integration. Another concern of the armed institution, which I shared, was the concept and implementation of a social service compulsory for all Colombians with the privilege, because unfortunately it is still a privilege, of having access to college degrees, and furthermore, of becoming a professional. Such social service need not necessarily be military, but it would apply to everyone, both men and women. Imagine the size of the contribution that the nation would receive from clearing out this useless, corrupt bureaucracy that we have, and replacing it with young people; for every institution would know the number that it would receive, based upon its requests and requirements, and also, obviously, in accordance with the desires of the young people themselves. Many of them could find guidance for the future there, if they could not pursue a university education.

#### Coup D'etat

AB: There has been a great deal of discussion about the possibilities of a coup d'etat in Colombia. What do you think of such a possibility, and would it be beneficial to the country?

JJM: I consider it a mistake. There are some sectors of the country that claim what is needed is order, and that it would be more fortunate if, as in certain countries in the southern part of the continent, the public force protected the greedy capitalism that is directing our economy, maintaining that all the evils would be corrected in this way. Therefore, if the Armed Forces were to take over the government with that kind of thinking, everything would proceed very well, because what the country needs is employment, and that can only be offered by a strong government with these features. I consider this position completely erroneous, because the philosophy which guides our popular masses, their political development, our people's mentality and the dimensions which subversion and the armed movements have acquired would cause that to lead the country to disaster. They are completely mistaken, and we should be thankful that the present and past military commands have not adhered to that notion. In my opinion, it would be ideal for the armed institution to continue as it has been, dissociated from political ambition to control the state, and dissociated from the dirty work that has been entrusted to it; but to be more in evidence and properly interpreted by the civilian government with respect to its contributions, based on a real understanding of the country's situation.



## Amnesty

AB: Do you think that President Turbay's government has been a little irresponsible regarding the proposal for amnesty submitted by M-19?

JJM: I think so. When certain armed groups made statements which, at the time, could be viewed as patriotic and nationalistic, regarding the start of dialog with the government, unfortunately, in my opinion, they did not receive the proper attention. There has been among all these armed groups a patriotic desire to bring matters to an end at some particular time, as we are observing now with M-19. Understandably, until a few years ago, these guerrillas, or many of them, were uncultured and uncouth people, born in violence, who saw their parents murdered, who lost their modest homes and possessions, and who took up arms, as in the case of the FARC 20 or 25 years ago.

Now, in order to get rid of them, we must devise something concrete; we must listen to them, and make proposals to them. I remember after the return of the settlers who had suffered privations for 7 years in southern Huila, in the Vega Larga area, during Dr Pastrana's administration, he authorized us to help them return to Pato. Dr Argelino Duran played a very patriotic and effective role in this, overcoming and breaking on that occasion the taboo that, when those farmers sponsored by the government appeared, the FARC guerrillas would kill them. The farmers returned to their farms, and made them produce; they are there, and they have not ceased to be grateful and loyal to the state which helped them. At that time, the FARC showed an interest in finding a solution, and they submitted it to the government. There was a lack of understanding on the part of the government officials, or else little attention was paid to the matter. You are also familiar, in this respect, with what President Lopez was about to achieve, as in the case of the ELN [Army of National Liberation], but it was thwarted. Now there appears a concern which seems nationalistic and patriotic on the part of M-19, and I regret that I have seen certain government officials, in print and appearing on television, and acting in a manner that I consider overly arrogant and categorical, rejecting those proposals. It is possible that the way in which they submitted the suggestions, or the individuals or the place were not appropriate, but it was something that cannot be disdained, if we seriously believe that the first thing required is to find a solution to the problem of violence. For example, there might be an agreement to put an end to the violent activities without turning over weapons, while a discussion was held on what might be a definitive solution. It is important that we arrive at a solution such as pardon, or amnesty; because I believe that the government has the constitutional means of achieving it.

## Corruption Within the Army

AB: Would you say that the Army is undergoing a process of internal deterioration in having to combat the drug traffic and come in contact with the corruption typical of this situation?



JJM: Unquestionably, if the missions continue, I trust that the present commands are taking measures to curb that phenomenon. Would that those missions could end finally, and that the government would realize that it cannot continue to demand this type of work from the military institution. Now if it has to be done, then eliminate those who are incapable of performing their duty; but let us not continue with it, concurrently, without doing a really drastic job of purging and reorganization, creating something different, with better incentives, personnel and pay to cope with the problem. Another improper thing, which some have mentioned, is that we are morally and economically sacrificing the few resources of the Armed Forces engaged in this task of curbing the drug traffic, while "the country which has caused the problem" has constitutional rulings that ban its military forces from participating in such tasks.

AB: In other words, you are telling me about imperialism and the influence that the United States has over the army, and the way in which it has designated an inequitable law for us. Do you believe that the Colombian Army can achieve independence in this situation?

JJM: It is not really the Colombian Army which is making itself available for this; it is the Colombian Government. The Army is a disciplined institution and performs its duty in an admirable, patriotic manner; but it is the government which should have the responsibility and sufficient judgment to undertake such a herculean task, if it is stubbornly bent on curbing marijuana in the national territory. When that entire operation was set up in La Guajira, the traffickers' business improved, because when this operation started on a large scale, the price of marijuana, from what I have learned, was reaching a level not much different from the price of coffee in the Sierra Nevada area. But when this entire repressive apparatus arrived, and there was international backing for it, the price improved for the traffickers. At the outset, in a way there was an economic and social contribution being made to the people living in poverty in La Guajira and sections of Magdalena, because, after all, the farmer was receiving directly from the purchasers an extraordinary wage amounting to over 2,000 or 3,000 pesos a day. As soon as the repression began, few purchasers started showing up, but they were very powerful, and now they are limited to a very small number, who are manipulating the entire trade. At the present time, the profits for the farmer and small producer are extremely small. As part of the tasks related to the position I held as chief of staff, toward the end of 1976, serious work was being done by the entire staff, including an evaluation of the options and of the best way of dealing with the problem. After considering all of them, we reached the conclusion and made the recommendation that it would be best to courageously undertake the commercialization of it with a nationalistic viewpoint, based on independent judgment. There may possibly have been other meetings of officials at which this was mentioned, both before and afterwards; but, in any event, in this case, as in many others wherein it did work and made recommendations to the government, the military institution was disregarded.

AB: Are you saying that the Army, without wishing to do so, did a favor to the drug traffickers and their business?

JJM: Yes, unwillingly, but it did so, with the aggravating circumstance that, as a result of the action that it took, the cultivation was extended over the entire territory. At that time, we only heard about some crops alongside the Guaviare River, in eastern Colombia. Now, they have been extended everywhere, and not only marijuana crops, but coca as well. As you know, there was recently a report published widely concerning a sea, an ocean of coca. Who did anything about it? Now, with regard to the equipment seized in these operations, we might well ask: which are in operation, how many boats that have been confiscated are in service? How many aircraft are flying? Which institutions have benefited from these facilities, and where are they? Unfortunately, with the low morale among the subordinate elements responsible for controlling this equipment when it is confiscated by customs or police officials, we find this apparatus coming equipped with splendid radar and radio equipment. You should see it. Within 2 weeks, they are without the instruments that they were carrying. Who is responsible for this theft?

AB: Then are you telling me that there is a great deal of corruption within the Army to blame for all this?

JJM: Well, not so much in the Army, but in the institutions called upon to perform these tasks. The military forces make seizures and turn them over to the judges, which is their task, acting as judicial police in this regard. Usually, what is seized remains at the airports, for which customs guards, private guard forces and police are responsible. But there is no system covering complete utilization, nor one that would investigate and determine who is responsible for what happens to that equipment.

#### The Church and the Army

AB: Finally, Jaime Bateman, in his interview with the newsman German Castro Caycedo, accused the cardinal of being a general of the republic, and claimed that this should not be the case. What is your opinion of this?

JJM: This matter of conferring the honorary rank of general on the cardinal is nothing new. It dates back into the past. It is the result of certain provisions that are established in the administrative system of the Defense Ministry, inasmuch as the Armed Forces have a small sector of clergy who are in the chaplaincy service, the entire staff of chaplains for the four branches of service. Since these religious are subordinate to the higher Church authorities, some time ago it was deemed highly feasible to give this honorary rank of general to the cardinal. But, if we consider the advantages of all types of having a separation between the government, the Church and the Armed Forces, it seems to me to have been a mistake. In no instance have the prelates requested or sought this. It has been the armed institution and the internal regulations of the Defense Ministry which prompted the conferral of this honor, which they did not refuse to accept. But I honestly consider it unfeasible.



Gen Jose Joaquin Matallana, while making statements to EL ESPECTADOR

2909

CSO: 3010

## COSTA RICA

### TRADE BALANCE WITH CENTRAL AMERICA ANALYZED

San Jose LA NACION in Spanish 2 Jun 80 p 8A

[Article by Lidiette Brenes de Charpentier]

[Text] Over the first 4 months of the year Costa Rica recorded a surplus of more than \$5 million dollars in its trade with the other countries of Central America.

This resulted from expanded exports to Nicaragua, with which Costa Rica registered a more than \$25 million surplus. With Guatemala and El Salvador, however, the country is running a deficit, which has become even steeper than in previous years.

The country achieved this favorable result in regional trade after it recorded its largest deficit in the last decades last year, as the final trade balance showed a shortfall of \$36.5 million.

After expressing his satisfaction with the Nicaraguan trade figures, Olmedo Castro, the director of economic integration at the Ministry of Economy, Industry and Commerce (MEIC), voiced his deep concern over developments in exports to the rest of Central America.

Separately, CENPRO [Exports and Investment Promotion Center] announced the creation of a program to promote exports to protected markets, such as Central America.

#### The Good Part

According to the monthly tables of the General Bureau of Statistics, Costa Rica bought a total of \$72.8 million from Central American countries, while selling them \$77.9 million, a surplus of \$5.1 million, over these 4 months.

The main purchaser was Nicaragua, to which we exported \$38 million and from which we bought only \$13 million, a surplus of \$25 million, which is what put our trade balance with the entire area in the black.

The Nicaraguans bought more than \$1 million each of hulled rice, glass containers, galvanized steel sheets, synthetic fiber fabrics, plastic bags and containers, medicine, tires and toilet paper.

Nicaragua has traditionally been a good market for our products, Olmedo Castro said, and if the trend continues, the balance will be very positive by the end of the year.

#### The Bad Part

Most of Costa Rica's trade is with Guatemala, from which we imported more than \$31 million worth of goods and to which we exported \$19 million, a deficit of \$12 million.

This situation is of concern to Castro, who asserted that if this average persists, we would close the year with a deficit of more than \$36 million, much higher than the \$24.2 million deficit last year.

The economic integration director said that he was aware of a campaign that has been mounted in Guatemala against Costa Rican products. He added, however, that he lacked the background information to confirm that that was the main reason for the country's poor results in exports to Guatemala.

In the 20 years that the Central American Common Market has been in operation, Costa Rica has run a deficit with Guatemala every year except 1960 and 1964, when our surplus was \$300,000 and \$500,000, respectively.

#### Similarities

The situation is similar with El Salvador, from which we imported \$22 million and to which we exported \$12 million. The deficit totals about \$9 million as of April.

Our trade balances with this country have been in the red since 1960, except in 1963, when we recorded a surplus of \$4.2 million. Olmedo asserted that this year's results have been caused by the country's internal situation, inasmuch as businessmen are afraid and not buying.

The surplus with Honduras was \$1.5 million, which was low in Castro's opinion, since that country has customarily been a large buyer of Costa Rican goods. Our trade balance closed in the red only in 1961 and 1962; major surpluses were recorded in all other years.

CENPRO has shown industrialists its "Central American promotion" program, which is backed by the Central Bank and will be carried out in coordination with MEIC.



The first stage of the program is aimed at Nicaragua and Honduras, because these countries present favorable conditions for breaking into new markets.

In the case of Nicaragua, CENPRO felt that exports had to be redirected in order to totally recover the market, and the Central Bank of Costa Rica has granted a \$25 million credit line to the Central Bank of Nicaragua, with the foreign exchange payback guaranteed by exports to that country.

There is a bilateral treaty with Honduras, and therefore we "should take maximum advantage of the privileges that it provides for."

This program marks the first time that the country's export promotion policy is aimed at protected markets such as Central America.

CENPRO will make available to Costa Rican exporters up-to-date information on air and land transport, market developments, in import categories, marketing channels and items that enjoy preferential treatment.

<b>Balanza comercial con Centroamérica 1980</b> (miles de dólares U.S.A.)												
(1)												
Meses	Total C.A.			Guatemala			El Salvador			Honduras		
	Exp	Imp	Saldo (2)	Exp	Imp	Saldo (2)	Exp	Imp	Saldo (2)	Exp	Imp	Saldo (2)
Enero	16 181	16 074	77	4 067	6 911	- 2 844	3 194	4 494	- 1 200	1 538	1 630	- 92
Febrero	27 632	19 878	7 755	8 074	8 574	- 500	3 495	6 761	- 3 266	2 152	1 384	769
Marzo	29 761	20 383	9 378	6 154	9 491	- 3 337	2 930	6 308	- 3 378	2 731	1 688	1 043
Abril	13 481	16 301	- 2 820	3 720	6 787	- 3 067	3 696	4 581	- 1 885	1 121	1 318	- 197
Total	77 946	72 838	5 108	19 015	31 763	- 12 748	12 715	22 004	- 9 289	7 543	6 020	1 523

After the sizable trade deficit that Costa Rica recorded with Central America last year, it has run a surplus of more than \$5 million over the first 4 months of this year, as we can see from the table drawn up on the basis of statistics from the General Bureau of Statistics and Census.

Key:

1. 1980 Trade Balance with Central America (in thousands of U.S. dollars)
2. Balance

8743

CSO: 3010

COSTA RICA

MONGE INTERVIEWED ON UPCOMING ELECTION

San Jose LA REPUBLICA in Spanish 28 May 80 p 4

[Interview with National Liberation Party (PLN) presidential candidate Luis Alberto Monge Alvarez by Wilmer Murillo, at Monge's home; date not given]

[Text] After his visit to Europe in the company of former President Oduber, starting on 8 June, National Liberation Party presidential candidate Luis Alberto Monge Alvarez will set about seeking a wideranging national accord with all ideological currents (except the Communists) in order "to rescue peace and democracy."

In this interview Monge expressed his willingness to impart a new direction to Costa Rican life by seeking an in-depth dialog with the country's various political factions in order to carry out a series of changes and attempt to normalize our economic and social situation.

This is a major step towards national unity, but in Monge's judgment it will in no way entail a communion of political ideas or goals, nor will it mean an alliance with the government. It is simply a move in keeping with the country's specific interests.

[Question] You have come out with the rallying cry "Let's struggle for Costa Rica." You are seeking a national pact, a supra-party alliance in a bid to resolve the serious problems confronting the country. How far do you think you will get with this endeavor?

[Answer] I intend to suggest a pact among parties and the various economic and social sectors to defend democracy and social and political peace. I will thus have to seek out the political leaders

who oppose the PLN and propose to them that we draw up such a pact. We would still have our differences and disagreements and still be entitled to vie for the votes of the electorate, but we would pledge to do whatever is necessary to defend social peace and the institutions of democracy. When I return from my commitment in Europe, I will devote myself to the task of knocking on the door of political, business and union leaders to propose such a pact to them. I will even knock on the door of the Presidential Palace.

[Question] Do you think that outside forces are at work in Costa Rica, agitating and kindling chaos?

[Answer] Throughout its history Costa Rica has been able to defend itself against the turbulent, chaotic situations that Central American nations have experienced. Because it has performed this miracle of evolving in peace, regardless of what might be happening around it, the country has been accused of being isolationist and of opposing Central American unity. That has been the case until now, but at the current historical juncture I am afraid that Costa Rica can no longer defend its peace and freedom unless truly democratic regimes are established in Central America. In our times there are channels of communication in the struggles of nations, and these channels operate slowly in the case of virtues and quickly in the case of vices and ills. Therefore, I think that Costa Rica's democratic institutions and peace are in danger due to external factors. That is why I am so insistently preaching an end to the war of parties and classes. Only by means of a wideranging national compromise among parties and classes will we be able to come to grips with outside threats to peace and democracy.

[Question] The word 'chaos' seems to be catching on in our political jargon. If chaos does arise, do you think that, despite everything, we can proceed towards calm elections?

[Answer] There is no chaos because the we have the National Liberation Party. If there were a direct confrontation between the government factions, the ultraconservatives and the communists, there would be chaos. The Liberation Party is a responsible movement, and we know that we have to oppose the government's mistakes and at the same time to draw the line so that the country is not destabilized. I think that we will get to the 1982 elections. But the government will have to cooperate. It will have to set directions for its policies and rectify its course. If social problems get worse, they could even shatter the ranks of the National Liberation Party too.

[Question] How do you now propose to attract the people who did not support you in your battle for the nomination? Specifically, will you ask Dr Castillo, who is regarded as a key PLN figure, to help you in your campaign?

[Answer] I have to pick a very capable government team. We are going to be faced with a very hard-to-run government and a country in very bad shape. I have to choose the best people. There is no way that I can bring to the fore resentments that might have been created at the convention. Castillo Morales is classed as a great economist. I think that he is a bad politician but a good economist, and if he feels like helping this hard-to-run government, I will take advantage of his great abilities.

[Question] Do you think that the charges of persecution leveled against you have been unfair?

[Answer] Very unfair. Neither Juan Carlos Fernandez nor Elias Soley were on the organizing committee. I don't know how they made it up that we kicked them out. With regard to Dr Hermann Weinstock, the other case, 8 months before the convention I complained about his approach and behavior as secretary of political orientation. This led him to resign. A qualified person was named to replace him, Eugenio Rodriguez Vega. Dr Weinstock is on the political and health affairs committee, and no one is going to remove him from it. He was a great health minister, and I am looking forward to receiving his counsel in this field. With regard to other people who were not behind me at the convention, we have to see where they can be relocated. They have to remember that the convention was barely a month ago.

[Question] What is your outline for action over the years to come? What will you do that Carazo didn't and what will you not do that the administration has done?

[Answer] We have to stamp out two wars in order to preserve peace and democracy: the inter-party war that Carazo unleashed during the previous campaign and the war of social hatred between the classes that communism is fighting. All parties and segments of society share a responsibility in this effort. But the government especially must come up with programs and policies to resolve production problems and pursue a wideranging offensive against the social problems besetting the country's masses. It is also indispensable to curb "the consumer society." If unnecessary consumption is not restrained, we will be able to do very little in the struggle against poverty and in resolving the social problems afflicting most of the country's people. We have to seek solid ground for social harmony in order to fill the cracks through which seep the preachings of social hatred that threaten to catch on strongly among the workers. Social and political peace cannot be preserved free of charge. Concessions must inevitably be made, both in the field of the democratic struggle among parties and in the competition among economic and social interests. We must remember that in Costa Rica the rich and the poor want to live in peace and freedom.

[Question] You have said that if you win the presidential election, you will implement a program entitled "Let's return to the soil." Now then, agricultural modernization is supposed to cause unemployment. Peasant farmers emigrate to the city, producing mass unemployment or humiliating underemployment. How would you avoid this problem?

[Answer] "Let's return to the soil" is a philosophy, a program. But above all, it is intended to be a nationwide attitude in that all of the country's energies, determination and potential should be directed towards the countryside, as the only way to emerge from underdevelopment and successfully come to grips with the problems of poverty and the people's many needs. True, one of the aims is to convert farming from a marginal activity into a profitable technical activity. This entails the introduction of better production techniques and of mechanical equipment in a number of cases. Technical progress has always caused social problems. Now then, the point is not to halt technical progress, but to take care of the social problems that technical progress prompts. That is why "Let's return to the soil" advocates that our industrial policy be aimed at emphasizing agro-industry. The administration has taken up the idea with a totally mistaken approach. It has wanted to view it as a confrontation between agriculture and industry. It has wanted to make the two incompatible, whereas we have never proposed such a confrontation, nor are we saying that efforts at industrialization will be abandoned. What we are saying is that we are going to emphasize agroindustry by relocating processing plants in rural areas to curb emigration by peasant farmers. We will also be moving towards a policy of environmental health. "Let's return to the soil" is a comprehensive program encompassing health care, education and infrastructure projects; in other words, it takes into account social factors, not just economic ones.

[Question] A number of politicians say that agricultural changes require lengthy processes. Do you really think that you can change the country's agrarian structure in 4 years?

[Answer] All that we can do in 4 years is lay the groundwork for this philosophy, this program, this national attitude. It must be made very clear that this is a 25-year program. We should have begun this program in 1959 when we issued the industrial development and promotion law. We made a mistake there. "Let's return to the soil" is the road that we should have taken many years ago. So, it will be 20 years later that the agricultural development and promotion law is issued as part of this program.

[Question] Many people in Costa Rica have branded you a "comrade." As the Liberation candidate, will you take a stand as an all-out anti-communist to erase this negative image?



[Answer] I have been opposed to communism ever since I was a teenager. I am not one of those social and political warriors who as youths had far leftist leanings. I joined the social and political struggle at a time when we were battling communism. So I didn't even have communist inclinations as a youngster. All that is a merely political ploy. My life-long stand in defense of the social dimension of Costa Rican democracy, my sponsoring laws and my backing the arguments of the country's labor sectors have led a number of conservative groups to accuse me of being a communist or a dangerous leftist.

Unfortunately, people in the PLN who have at times disagreed with my political stands have also resorted to this accusation. In other words, it is not that serious when the country's conservative factions say this, because in general they also accuse the Liberation Party of taking leftist stands. The serious thing is that members of our party have dishonestly said so.

[Question] We spoke at the beginning of the danger threatening the country's social peace. Are you afraid that terrorist elements are at work in Costa Rica?

[Answer] Aside from communism, which represents an ideological extreme on the national political spectrum, I am convinced that there are extreme rightist, terrorist-style elements operating in Costa Rica and that the political leaders of all democratic parties, not just the PLN, are in danger from these forces. It would be a good idea if the government followed some advice and fought against these right-wing terrorist groups.

8743

CSO: 3010

## CASTRO FEARS TOURISM, MISTRUSTS LOYALTY OF PEOPLE

Lima GENTE in Spanish 24 Apr 80 pp 18, 79

[Article by Luis Gonzales Posada: "A Talk With Fidel and the Cuban-Peruvian Crisis. The Origins of the Conflict"]

[Text] Why, after nearly 20 years of revolution, with a consolidated political system, does his government not stimulate open tourism which is a means of increasing the entrance of foreign exchange, creating new jobs and opening Cuba to the foreign sector?

Fidel Castro Ruz, commander of the revolution and chief of the government of Cuba, stroked his curly and legendary black beard while, with the other hand, the left hand, he toyed with his olive green cap.

We were in Havana that refreshing night in October 1973: "we" being then-Peruvian foreign minister, Miguel de la Flor; Cuban minister Jose "Pepin" Naranjo, and me, the writer of this report. We had arrived that very morning; and, at 2000 hours, when we were finishing our dinner in the guest house where we had taken lodging, the commander of the Sierra Maestra made a surprise entrance. I remember it well: he was dressed in his classic olive drab uniform; he was carrying a pistol in his belt; and he was holding his cap in his right hand. A tall man, with a sallow complexion and arched thick eyebrows. During that long conversation, which ended at about 0400 hours, we were all surprised by his low voice and deliberate manner of speaking (his speeches had given us the impression that he expressed himself almost in shouts). We were also surprised by his absolute rejection of protocol, to such a point that he himself entered the kitchen, uncapped soft drinks and offered them to us. And at another moment, while we were savoring a dish of coconut ice cream, he was unable to contain himself and asked one of us to leave him...the last bite!

Castro, therefore, was highly forthcoming and receptive during that lengthy conversation and did not evade any subject, despite the fact that we often shot difficult questions at him and, of course, not much restrained

by protocol, such as what was the total Soviet aid to Cuba or why did the much bruited public firing squad executions take place in La Cabana prison in the years 1959-1962. In this manner, in the middle of this incisive dialogue, we reached the subject of tourism and persons who flee from Cuba, which today is right up to the minute and which in some way may explain the whys and wherefores of the Peruvian-Cuban crisis.

Castro: Well, young man, you have to remember that before the revolution Cuba was used as a big brothel, a big bordello, in many respects. Here, with few exceptions, was the place to which the gringos from Miami came: the mafiosi, criminals and adventurers. And they did not do so for tourism as I understand it but rather to corrupt our people. Here there were gambling casinos managed by the mafia which also, in collusion with the dictatorship, ran brothels, places for the diversion of perverts and degenerates, centers for the sale of drugs. Here, before the revolution, anything was all right, because it was as if the "gangsters" were governing the country. Because of this, they were able to find anything from protection for fugitives from justice to protection for the dirtiest businesses. And all that was corrupting and harming the dignity of our people.

LGP: Therefore, the first thing the government did was to eliminate that kind of tourism....

Castro: That is right, and note this curious point if you will: that was the first confrontation we had with the Americans. And do you know why? Because the first thing we did was close the bordellos and casinos; and we soon found out that the Cubans who were mixed up in those things as owners were nothing more than front men and that the real owners were American mafiosi with influence in government. They pressured their government to protect and demand compensation from us as if honorable businesses were involved.

LGP: It is obvious that under the umbrella of tourism all the things of which you spoke and even much dirtier things existed. It is correct, therefore, that you put an end to those scourges which cannot be described as tourism. But do you not believe that Cuba is in good enough position to open tourism under new guidelines, as is being done, for example, by the Soviet Union, Yugoslavia and now Communist China. Why does the government continue to be averse to opening up the country?

Once again Castro seemed to be lost in thought for several long seconds while he chewed hard with his large lips on his other faithful companion from the guerrilla days: his cigar. And once again, modulating his words softly, he replied to this informal question, as I took notes that very night to avoid later memory lapses.

[Answer] Of course. Now look. First we encouraged domestic tourism as much as possible because, you know, before that the people did not know what it was. For example, El Tropicana is open; and the workers rather

than the rich go there when it is their birthday, when they get married or receive an award for their work in the factories: similarly, they frequent the condominiums which were expropriated on the beaches. That we are doing. However, we have also developed several plans, still small-scale plans, to attract tourists from abroad. Canadian and European groups have come here. But it is difficult for us to think of full-scale and total opening up of the country; that is a hard thing to do for now.

LGP: Why Commander?

Castro: Because, unfortunately, the more we do to avoid it, tourism brings many capitalist scourges with it. Starting with tips which are not permitted here. How can you keep a tourist from giving tips if all his life he has been accustomed to doing so? Next you have gifts and things of that nature. Many tourists come to a country not only to get to know it and have a healthy, good time but also to look for women. To this end, they offer money and tempt the people. I want to tell you something else. Who gives us any guarantee that tourists are not coming here as CIA agents or terrorist worms? The risk, therefore, is greater than it is worth; and, therefore, we are proceeding slowly. And you have to understand that we have experienced and are experiencing many shortages by sacrificing this sector and we do not know what would happen if after so many years of keeping to ourselves, I mean, without external influence, what might happen....

Castro obviously did not look with favor on plans aimed at reactivation of open tourism. Among his legitimate complaints against what "tourism" was--just like that, in quotation marks--in prerevolutionary times and the fact that considerable weight was given to the traumatic and painful reality that in the guise of tourism an effort was made to convert Cuba into a bordello; in spite of all that, as we say, there was an evident fear on the part of the government that with the massive influx of unofficial tourists the dreaded counterrevolution might be infiltrated and might alarm the people.

Let us not forget that Cuba had remained isolated first because of its own decision to prevent the massive departure of people who were openly at odds with the communist system or who were not ready to sacrifice themselves for the revolution (more than 2 million persons are abroad for these reasons; as many more have not been able to leave the country, and some have died in the attempt). This exodus, principally of professional and technical cadres, caused serious problems for the Cuban economy; therefore, Castro prohibited or restricted as much as possible the departure of citizens who wished to abandon Cuba. And in the second place the unjust blockade imposed by the Inter-American system through the OAS contributed much more to the isolation of Cuba. If to these two factors we add the fact that after the Bay of Pigs experience Cubans have shown themselves to be highly aware and distrustful of foreign influence, we will have a much fuller understanding of this problem.

And why do we say that these circumstances, in some manner, have contributed to the Peruvian-Cuban crisis? We say this because a year ago Castro's government decided for the first time to permit Cubans residing abroad to visit the island. The program was named "The Return to the Community"; and, in support thereof, almost in one fell swoop, about 120,000 persons descended upon the country, most of whom were Miami residents, with their bags loaded with gifts and extraordinary stories of the comfort in which the Americans were living. Fine French shirts, European perfumes, dresses styled by Dior, gifts, in short, of the most varied kind were distributed among the rationed and austere islanders. It was like the arrival of a rich relative who came to visit his poor relative. With one added fillip: the rich relative, who was talkative and imaginative, as are most Cubans, made an effort to sell the poor relative on the magic world which awaited him only a few miles away....

This fact, for example, the influence and impact upon the islanders by those who came to the country in connection with the "Return to the Community" program, had decisive weight in rousing many persons to seek a quick way to leave the country. That is for certain. That is natural. And there are three points which must be brought out so that there will be understanding of why it is attractive for a Cuban to leave the island:

1. Because in spite of the immense political effort exerted by Castro to ensure the moral awakening of the people in Cuba, as in the United States, the Soviet Union or Peru, the great majorities live on the periphery of the political arena and are even reluctant to directly participate in it. This means that there is at least one sector, however small it may be, of several thousands of persons who do not feel committed to the Castro regime and, therefore, feel free to leave the country.
2. More than 2 million anti-Castro Cubans are living in Miami, which implies that they all have parents, brothers and sisters, sons and daughters, nephews and nieces, relatives or friends in Cuba. And, as is logical, in the face of the impossibility of Cubans residing abroad returning to the island, they maintain contacts and do not lose hope that their people will be able to leave Cuba. And the islanders know, and must have known it with greater preciseness after having received the visit of 120,000 persons, that if they leave the island they can count on the protection of the Cuban community abroad, which is the equivalent of saying that they can count on work and the certainty of economic improvement.
3. Finally, it is obvious that there are groups in Cuba who oppose the communist regime as demonstrated by the fact that when the first 200 Cubans reached San Jose, Costa Rica, the first they did was repudiate Castroism and its lack of freedom.



Within this context, there is one certainty: no one can freely pack his bags, take a plane or a boat and leave Cuba. That is a verifiable reality. To do so, it is necessary to go through lengthy and bureaucratic procedures which can take many years or an entire lifetime. And few dare to take such steps in fear of being branded counterrevolutionaries and possibly losing their jobs. In the face of the nonissuance of visas or the reply that "there is no room in the planes or boats," many people elect to leave Cuba in fragile craft or grasping at any small straw that presents itself to them: to some extent this is what happened when they saw that they could leave the Peruvian Embassy in Havana and go abroad.

In our next issue we will fully analyze this problem which is not limited to the right of asylum but also includes socialism and freedom.

8143

CSO: 3010

## PROREVOLUTIONARY EMIGRES FROM THIRD UNIT, HEAD FOR HAVANA LATE JUNE

Havana GRANMA in Spanish 31 May 80 p 3

[Text] The third unit of the Antonio Maceo Brigade will arrive in Cuba late in June for a 3-week stay during which it will perform volunteer work and will tour various areas in the interior.

The unit will be accompanied by the third group of "Maceitos," youngsters and teenagers, 9 to 14 years of age, who will enjoy 3 weeks of vacations in recreational centers of the Jose Marti Pioneers Organization. The Antonio Maceo Brigade consists of older youths of the Cuban Community Abroad, including students and workers who reside in California, Massachusetts, Wisconsin, Washington, D.C., New York, New Jersey, Florida, Texas, New Mexico and Michigan. The third unit also consists of youths who live in Puerto Rico, Venezuela, Mexico and Spain.

The creation of this new unit and the work performed by the previous group--which visited us in July and August 1979--are a worthy homage to Carlos Muniz Varela, founder of the Antonio Maceo Brigade, who was murdered on 28 April of last year in Puerto Rico by counterrevolutionary terrorists.

CSO: 3010

GUZMAN: ECONOMY IS ON SOLID GROUND

Madrid ACTUALIDAD ECONOMICA in Spanish 17-23 May 80 pp 53-56

[Interview with Dominican President Silvestre Antonio Guzman; date and place not given]

[Text] "In only a year and a half of government, despite the fact that our country suffered the devastating effects of hurricane 'David' and tropical storm 'Frederick' last August, causing losses estimated at \$800 million; despite the low price of sugar, our leading export item, and, in particular, the dreadful burden of the constant, extraordinary rise in the prices of petroleum and its by-products, we can claim that the national economy is sound, that there has been significant progress in production and productivity, that foreign investment has made gains, that there is a peaceful atmosphere in the labor area, that the country is up to date on its international financial commitments and that public spending has been rationalized. And what we notice most is the social peace that prevails in our country, contrasting sharply with the state of violence that is upsetting many countries on the continent. The Dominican Republic is finally setting out along the path of progress and, with the assistance of all Dominicans and the help of God, the government that I am honored to head will not spare any effort to insure the continuity of this progress."

The speaker is Silvestre Antonio Guzman, constitutional president of the Dominican Republic, winner of the elections of 16 May 1978 and chief executive of the nation since 16 August of the same year. He was not an unknown who achieved notoriety as a result of a campaign of personal promotion. He had been minister of agriculture in 1963, and participated in the revolution of April 1965 as a mediator and an element of moderation. He was a candidate for the vice-presidency in the 1966 elections, and for the presidency in those of 1974. He describes himself as "a simple, humble person with a steadfast spirit, a persevering, moderate person who adheres to the truth and to the all-important values; a family and nature lover, with a deep faith in God, respecting the dignity, beliefs and opinions of my fellow men, and with a sense of a calling to service." The following are his answers to the questions that were asked of him during the interview.

[Question] Twenty months have elapsed since the beginning of your term. During that time, the Dominican Republic has managed to create a new image for itself abroad. What has that period meant to the country, in all respects?

[Answer] The first thing that should be stressed is that our country has succeeded in strengthening the democratic institutions. Respect for the will of the people has been won, and public liberties are in effect; there are no political prisoners, and the Armed Forces of the nation obey the civilian authorities and do not intervene in political conflicts.

[Question] In the geographical area of the Caribbean there has, for decades, been a political isolation among the various countries against which different and typical protests have been made. What is Your Excellency's view of this situation, and what chances for an improvement do you discern?

[Answer] The Caribbean is a geographical area in which various languages are spoken and highly diversified cultures coexist. The eminent Puerto Rican educator, Eugenio Maria de Hostos, always dreamed of unity in the West Indies, which is still an aspiration for many who are striving on behalf of the economic integration of the Caribbean. To date, little success has been achieved in that task. Perhaps in the future, the economic exchange will gradually create common interests that will put an end to the isolation in the Caribbean.

[Question] In your statements at the beginning of the year to the editors of Dominican newspapers, Your Excellency announced that the country's economic prospects were good. Could you describe those prospects?

[Answer] Our country's economic prospects are encouraging because the prices of several of our export products have risen. We have obtained international financing for many basic projects for the Dominican Republic and, in addition, we have begun the development and exploitation of the mining sector.

[Question] To what extent has the Dominican Republic recovered from the recent natural disasters that it has suffered?

[Answer] Hurricane "David" and tropical storm "Frederick" caused heavy damage to Dominican agriculture and industry, as well as to the generation of electrical power. We have worked hard on the reconstruction of both housing and the crops, and we expect to see the results of those efforts made by the community and the government, in close cooperation, this year.

[Question] Does Your Excellency consider the external assistance that has been received in one way or another sufficient to mitigate the effects of those natural disasters?

[Answer] The assistance received from many friendly nations has been important in repairing the damage caused by nature. That aid was especially helpful during the period following the hurricane. Of course, the total reconstruction will be a result of the joint effort of all Dominicans.

[Question] What is your government's philosophy with regard to foreign investment?

[Answer] The government of which I am president supports foreign investment in the areas which cannot be properly provided for by Dominican capital and Dominican technology. Our doors are open to foreign investment, because we cannot finance our development with the volume of Dominican savings alone. But that foreign investment must be made within the bounds of the law. At the present time, there is a normal flow of foreign investment.

[Question] What is your philosophy regarding nationalization, particularly insofar as the sugar industries are concerned?

[Answer] Insofar as the sugar industry is concerned, the Dominican Government controls the majority of the sugar mills. There is one sugar mill that is owned by foreigners, the Romana Sugar Mill, and there are others that are privately owned, those belonging to the Vicine family. The government is not considering the possibility of any nationalization in this area, because the state is the largest sugar producer, and the other sugar mills are operating abiding by the law.

[Question] It is a well known fact that the Dominican Republic, a country with a vigorous demography, is faced with the problem of absorbing an increasing labor force. What plans does your government have for coping with this problem?

[Answer] Our government is attaching priority to all the industrial or agricultural plans which employ a large volume of labor, preferring a high rate of employment to advanced mechanization of work. Such mechanization might be feasible from an economic standpoint in developed countries with a labor shortage. We have reoriented the economy to encourage agroindustry and mining, activities which generate a large amount of employment.

#### The Challenge of Petroleum

[Question] Is an increase to be expected in the production from the Dominican Republic's mining industries, especially that of bauxite?

[Answer] We are intensifying gold production, and we shall be putting new mines into operation. My government recently announced the construction of a refinery for the purpose of providing for a larger area of the gold producing business; and, at present, the contract with the Alcoa Exploration Company, a firm which is extracting the bauxite from Cabo Rojo, Pedernales, is being renegotiated.

[Question] Like so many other countries, the Dominican Republic is faced with the challenge posed by the rising prices of petroliferous crude. Can your government be expected to reach a satisfactory agreement with the Venezuelan Government or with that of any other producing country?



[Answer] The problem of high oil prices is a worldwide problem, which is especially serious for the countries that do not produce hydrocarbons. Our country is holding talks with the Venezuelan Government to obtain more convenient terms for the financing of fuels.

[Question] Is Your Excellency satisfied with the agreement reached with Haiti regarding the workers engaged in cutting sugar cane?

[Answer] The agreement arrived at by the State Sugar Council with the Haitian Government for 1979-80 is associated with the spirit of the Convention of 14 November 1966. I think that it is satisfactory, and that it fully meets the expectations of the contracting parties, guaranteeing complete respect for human dignity.

#### The Promotion of Private Enterprise

[Question] What prospects for progress are there in the area of electrical power production?

[Answer] At the present time, the Dominican Electricity Corporation is making the financial arrangements to pay the cost of its expansion program, which is 8 years in arrears. We found this situation when the new government took office. A study is also well under way on the utilization of several hydroelectric basins and some equalizing reservoirs which will complete the existing hydroelectric system.

[Question] How will the establishment of new airlines with North America and Europe affect the development of tourism in the Dominican Republic?

[Answer] The government is of the opinion that the establishment of new airlines will be an important factor in promoting tourism to the Caribbean area, and to our country in particular.

[Question] What is the view of the government and your party on private enterprise in the economic area?

[Answer] In the world of today, most of the effective economies are mixed economies; that is, the state, with a supplementary role, operates in the areas in which private enterprise cannot operate, but at the same time preserving all the strength of private enterprise in most of the economy. The Dominican Revolutionary Party and the government which I head appreciate and promote private enterprise, which is guaranteed by our laws and by the Constitution of the Republic.

2909

CSO: 3010

## BRIEFS

MINISTER WARNS AGAINST STRIKES--Government Minister Carlos Feraud has warned that the government will not allow de facto measures, such as the so-called strikes which are not authorized by the laws and which promote indiscipline and disrespect for the authorities, to be used. During a speech at the police institute, Feraud said there is much to do in the country. However, problems will have to be gradually solved in a harmonious way and must be based on the resources the country has available. The general staff of the national police rendered tribute to Feraud at the installations of the National Police Institute. [Text] [PA142016 Quito VOZ DE LOS ANDES in Spanish 1230 GMT 14 Jun 80]

DEPUTY CHARGES U.S. INTERVENTION PLANS--The representative of the People's Democratic Union (UDP), Jorge Chiriboga, this morning charged that the United States plans to intervene militarily in El Salvador with the aid of the Andean Pact member nations. We have received information involving serious charges about U.S. maneuvers and plans to directly intervene in El Salvador through the State Department and with the help of the Andean Pact nations, Chiriboga declared. The deputy added that such an idea was brought before the Andean conference in Bogota several months ago and noted that the co-author of this was the Government of Venezuela. National Secretary of Public Information Carlos Cortez said the governments of the Cartagena accord nations could not endorse such a military invasion plan. In statements to the press Cortez said he did not believe that the regimes of Bolivia, Colombia, Peru, Venezuela and Ecuador would ever approve this type of maneuver. [Text] [PA250224 Quito Cadena Ecuador Radio in Spanish 2300 GMT 24 Jun 80]

OFFICIAL RECOGNITION RECEIVED--The Supreme Electoral Tribunal, in an act of absolute justice and in compliance with the provisions of the law, has given recognition to the Radical Democratic Party as a new political party of the republic. Its top leader is Francisco Huerta Montalvo, a young and intelligent fighter who has devoted a great part of his life and activities to the permanent causes of the Ecuadorean people. Huerta Montalvo is a staunch democrat who has suffered persecutions and tribulations for trying to implement his principles and has also hoisted the flag of liberty and justice. [Text] [PA132351 Quito VOZ DE LOS ANDES in Spanish 1730 GMT 13 Jun 80]

MSGR RIVERA DAMAS CALLS FOR CALM, PEACE

San Salvador EL MUNDO in Spanish 28 Apr 80 p 2

[Text] Msgr Arturo Rivera Damas, Apostolic Administrator of San Salvador, said yesterday in his sermon that the Church, faithful to its pacifist tradition, will continue to preach peace instead of violence, love instead of hate, and that to find a solution to the present crisis, "one should listen to the other side."

Monsignor Rivera had to move to the basilica, as did the parishioners arriving for the Sunday services, because the Cathedral was occupied at about 0740 hours. The prelate referred to this occupation and, with visible displeasure, he said: "These occupations make no sense. It is high time that we stop and think." This time the Cathedral was taken over by the MLP [Popular Liberation Movement].

When commenting on the events of the week he referred to the alarming death toll in the country, which so far this year already totals 1,002 murders, including victims from everywhere. Monsignor Rivera stressed that this cannot go on and a Christian way out has to be found.

He also referred to the posthumous homage to Monsignor Romero by the Costa Rican National Legislative Assembly and a Spanish university. Finally he gave thanks for the doctor honoris causa degree conferred posthumously by the University of El Salvador. "This is a just recognition," commented the Apostolic Administrator.

Since it was Good Shepherd Sunday, Monsignor Rivera dedicated part of his sermon to the late Salvadoran pastor, Monsignor Romero. "And not only he, but seven others gave their lives, too," he said.

Likewise, he said that although right now there are plenty of young men--college graduates--who wish to embrace the priestly career, "we need deacons, we need more priests because every day new communities make pleas to their spiritual leader."

In conclusion he reiterated his appeal for a search for a peaceful solution to the present crisis, because the Church "stands for life, not death, for love, not hate."

9661

CSO: 3010

## HONDURAS

### NICARAGUA SEEN AS NEW COMMUNIST CUBA

San Pedro Sula LA PRENSA in Spanish 8 Jun 80 pp 6, 7

[Text] According to confidential reports in the hands of the upper echelons of the Venezuelan Government, the attempt at democracy in Nicaragua has failed, and the regime that took power after Somoza's fall is irreversibly "Marxist-Leninist."

The visible head of the radicalized Nicaraguan revolution is Commander Tomas Borge, a combination of Fidel and "Che" Guevara on whom very little personal background is available.

The most significant developments in Nicaragua's political drift, and which virtually pinpoint it, have been the resignations, first, of Violeta Chamorro and later of Alfonso Robelo from the Government Junta.

As in Cuba

The Nicaraguan process is astoundingly analagous to the first year of the Cuban Revolution. There is a dramatic similarity in the methods, in the struggle for power, in the influence of external factors and even in the regimes' main figures.

In Nicaragua, Tomas Borge is turning out to be Fidel; Alfonso Robelo, President Urrutia, and the legendary guerrilla Eden Pastora, Camilo Cienfuegos.

Today in Nicaragua, as yesterday in Cuba, Bulgarian, Czechoslovak and East German technicians and advisers walk the corridors of the state bureaucracy and the administrative branches that handle the economic, social and political spheres throughout the country. There were also Chinese initially in Fidel's Cuba, and their place in Nicaragua is taken by the 2,000 Cubans that Castro has sent in as military advisers, political instructors, teachers, doctors and other specialists.

Fidel first fought with the communist technicians and advisers from Eastern Europe, as his relations with Russia soured. Later, he had a falling out with the Chinese, and the Soviets and their friends came back, which is where the situation stands now.

It does not seem likely this time that Tomas Borge and the Ortega brothers, who are the intellectuals and "pure" ideologues of the process, are going to have it out with Fidel and the Soviets. Clearly, however, Hua Guofeng's China will have nothing to do here, given its confrontation with the USSR.

### The Mysterious Borge

Tomas Borge comes from a modest family. He is one of the survivors of the group that founded Sandinism. He and Eden Pastora were the most famous guerrillas in the struggle against Somoza. In July 1977 he was saved, somewhat like Fidel when he was an insurgent, from Somoza's clutches by the then recently created Human Rights Commission of Nicaragua, which is headed by Jose Esteban Gonzalez. Naturally, the commission is still at work today and is in open conflict with Borge's junta. A document presented by Jose Esteban Gonzalez's Human Rights Commission on 4 July 1977 said in one section: "The commission's legal secretariat was given a note on 1 July accusing Gen Samuel Genie, married, of legal age, a national guard and a resident of Managua, of illegally isolating in prison Messrs Tomas Borge and Marcio Jael... The note claims that Tomas Borge has spent more than 10,500 hours in solitary confinement, handcuffed and hooded for 5,000 of them, that he is allowed only one 45-minute family visit a week and that he is kept isolated from all human contact for 167 hours a week in a narrow, uncomfortable cell, unable to walk the prison's corridors, etc..." At the time Borge had declared a hunger strike, and the Human Rights Commission was brave enough to denounce the Somoza government, accuse General Genie, the warden of Tipitapa Prison, where Borge was being kept, and state that the imprisonment of Nicaragua's current interior minister was a human rights violation. Today, of course, this same commission is being vilified for defending the thousands of men, women and even 12 to 15-year olds who are being imprisoned and tortured.

### "We Could Hear the Prisoners Moaning"

Hundreds of Somoza backers have fallen in this bloody offensive against the regime's opponents, but Communist Party members have also been targets. Borge has unleashed a fierce crackdown against them, imitating in this too Fidel's example when at the outset of the revolution he confronted the old guard of the Communist Party. People who helped the Sandinist Revolution have fallen as well, nationals, foreigners and even members of the Sandinist movement who are today the targets of revenge and informants. The case of Antonio Jose Gutierrez Castano is, for example, significant. In a document submitted to the Human



Rights Commission, he declares himself to be a "Marxist-Leninist who has been a member of and has worked in revolutionary student and labor movements for 15 years." Gutierrez Castano says that he "has faith in the revolution" and that he is willing "to do anything to keep the flame of the Nicaraguan Revolution on high." A Colombian affiliated with that nation's 19 April Movement, "with which he is an active collaborator in weapons recovery and delivery operations," Gutierrez says that he entered Nicaragua on 15 August 1979 and was captured by militiamen that very day at the Tica Bus Station in Managua. They interrogated me, accusing me of being a counterrevolutionary, a Somoza mercenary who had infiltrated and a CIA agent." They robbed him of \$2,000 worth of photography equipment, 12,000 colones and 4,000 cordobas. His contacts with outstanding Sandinist leaders were of no use to him. He tells in detail of the tortures at the El Chipote Jail: "Every night from 2100 hours until the early morning we could hear the moans of the prisoners being interrogated and the shouts of the interrogators: 'Talk, you son of a bitch!' In the baths, when people were naked, we could see the bruises caused by sand-filled clubs and shotgun pellets. The fact is that these are the same instruments that Somoza's guard left behind."

Gutierrez Castano's report adds the following: "There is one case that I would especially like to describe. When I returned to Nicaragua, I went to visit a Peruvian friend of mine by the name of Rolando Luyo Sanchez, who is 28 or 30 years old and whom I met in El Chipote. He had been released on 22 December 1979. This friend of mine had been beaten an awful lot around the head. One month after he was released, he died of a cerebral hemorrhage. They kept us foreigners completely incommunicado, on orders from Inocencio Rodriguez (Pedro), so that we could not get in touch with our families or our embassies. When the International Red Cross got to El Chipote during the first week of February 1980, they kept us up until 300 hours grooming and cleaning us up, and then they took about 160 of us for the Red Cross to see. I would estimate that an average of 400 permanent prisoners are held at El Chipote."

An undetermined number of secret jails are known to exist in Nicaragua where political prisoners are sent who have been captured on orders from security departments or who have been detained by Sandinist military tribunals which, like at the outset of the Cuban Revolution, function parallel to the formal judicial system.

Finally, Gutierrez was taken to the border near Penas Blancas and warned that "I should be thankful that I am still alive, because if they saw me again, they would kill me." However, taking advantage of his time with Sandinists, the Colombian returned a second time to claim his belongings.

## Eden Pastora, The Most Popular Figure

Nicaragua would seem doomed to the excesses of the extreme right or the extreme left. Under flags of a different color, events are repeating themselves in what was formerly Somoza's Nicaragua, where a triumphant revolution has helped to consolidate power for a group of leaders who have different tactics.

When Somoza, who owned almost 60 percent of the nation's wealth, including the mass media, fell, he left behind a structure that the new leaders of Nicaragua now find easy to manage.

Alfonso Robelo, the engineer and businessman who saw his nationalist principles frustrated and resigned from the Revolutionary Junta, is trying to safeguard the people's democratic hopes from the opposition, inasmuch as he was unsuccessful while in government.

## Survey

A recent survey of 3,288 persons throughout the country conducted by a Nicaraguan company showed that 2,505 of them were in favor of presidential elections, while 709 were satisfied with the Revolutionary Junta headed by Moises Hassan.

Those polled identified the literacy campaign, the economic recovery, reconstruction and the Government Junta, in that order, as positive developments. They were opposed to the obstacles to free marketing, the high cost of living, the behavior of some members of the army, the presence of the bourgeoisie in government and the large foreign presence in the country.

Three thousand and six people want democracy, and 130 prefer a system like Cuba's, the poll shows.

Among the most popular figures in Nicaragua, Commander Eden Pastora was the first choice of 1,640 of those polled. Monsignor Obando displaced Tomas Borge, and preferences were expressed for other well-known figures of the revolution.

## Who's Who

Eden Pastora, who according to the company that did the survey would receive 50 percent of the votes in a hypothetical presidential election, is not a member of the Sandinist Front, nor is he a Marxist; he is just 1 of the 12 guerrilla commanders under the 9 commanders of the revolution: Victor Manuel Tirado, Henry Ruiz, Carlos Nunez, Bayardo Arce, Jaime Wheelhock and Luis Carrion. These are the leaders of Sandinism, and they have their differences as to tactics.

When the Sandinist Front split into three factions in 1979, it had to wait until December of that year to reunite, as each of the factions was represented by three commanders of the revolution. The Ortega brothers, Daniel and Humberto, along with Tirado, advocated immediate armed action. Of these "hardliners" one (Daniel) is on the Revolutionary Junta, while Humberto is supreme army commander. The same faction includes Tirado and Borge. Borge, who in his youth was a member of the Independent Liberal Party, a splinter group of the Liberal Party that Somoza belonged to, is the only surviving founder of Sandinism. He is in charge of the Interior Ministry, the mass media, the police and the security apparatus.

Jaime Wheelhock is in charge of carrying out the agrarian reform. He was previously affiliated with the group of Christians for socialism. For his part, Henry Ruiz is in charge of economic policy.

The Sandinist Front was founded by Carlos Fonseca Amador, who had Marxist-Leninist training; he died in 1975. After the resignations of Robelo and Violeta Chamorro, the current junta announced that it would replace them with a labor and a business representative, who would then share power with Ortega, Hassan and Ramirez.

#### The Economy

The Nicaraguan political process is conditioned by the country's economic situation, which, although it might seem contradictory, is beneficial to the Revolutionary Junta's long-term plans.

The country has no foreign exchange, and the announced \$75 million loan that the United States will reportedly grant has yet to come through, as it is still tied up in Congress.

According to political observers, Tomas Borge tried to strike a nationalist blow against the United States by traveling with a delegation to the Soviet Union during President Herrera Campins's visit to Nicaragua. It is thought that his visit to Russia resulted in trade and assistance agreements that have not yet been made public.

The deterioration of Nicaragua's production capacity is more than appreciable. It is due partly to the physical destruction of the country's facilities and partly to the flight of businessmen and the fear of those who stayed on.

The country's economy rests mainly on three products: cotton, which accounts for 35 percent of the GNP; coffee, which represents 40 percent, and some minerals, which account for a smaller percentage.

Of the 260,000 manzanas of cotton (1 manzana is about 1.7 hectares), 25,000 were harvested in 1979, in other words, not even 10 percent of normal production, and this accounted for 3.7 percent of the GNP. This year, the goal is 160,000 manzanas.

Coffee output will drop to 25 percent of normal this year, basically because of a plague that wiped out growing zones along the Pacific, and the government, in a technically correct move, ordered production stopped. With regard to livestock, rustlers have been and are still bringing cattle into Costa Rica and Honduras.

#### Foreigners

The Nicaraguan revolutionary process has brought many foreigners into the country. They are more noticeable in some sectors than in others. In the health care sphere, for example, no fewer than 200 Cuban physicians have spread out around the country, ingratiating themselves strikingly with their patients. In recent weeks, hundreds of Bulgarians, Czechoslovaks and other Eastern Europeans have been arriving in Nicaragua, joining leftists from the Southern Cone, Argentine Montoneros and members of Chile's Movement of the Revolutionary Left. The Cubans have also penetrated communications, and a Venezuelan, Fredy Balzan, is Tomas Borge's press adviser.

Official figures point to 1,200 foreigners, but unofficial data put that number at more than 2,000.

8743

CSO: 3010

## HONDURAS

### SOVIET THREAT TO NICARAGUA DISCUSSED

San Pedro Sula LA PRENSA in Spanish 13 May 80 p 7

[Editorial: "Nicaragua: The Soviet Threat"]

[Text] In neighboring Nicaragua, the ill-fated country that emerged from a traditional, dynastic dictatorship to engage in an experiment that with each day draws closer to the pattern of Marxist totalitarianism, the struggle between democracy and communism has become steadily more clear-cut and was described outspokenly this weekend by a major political leader.

Alfonso Robelo, a member of the Government Junta until a few weeks ago and one of the outstanding figures in the struggle against the Somoza dynasty, cautioned without resorting to euphemisms that there is a very definite possibility that "Soviet intervention in Nicaragua" could take place at any time.

Robelo was speaking to a rally of the Nicaraguan Democratic Movement (MDN), of which he is president and top leader. He voiced his criticisms soberly and from the viewpoint of a fighter who could hardly be branded a Somoza man, since as a leader of private enterprise, he organized the general strikes of the business community that irreparably weakened the former regime by plunging the country's economy into a crisis.

Rallying cries such as "We do not want communism" and "Cubans out of Nicaragua" were heard at the meeting, which was attended by thousands of citizens. In presenting his basic argument, the opposition leader stated clearly that he is against "the American imperialism that stained our past, but also against Soviet meddling in our country, as directed by an oversized 'diplomatic' mission in Nicaragua."

"Neither capitalism nor communism," he added. "We are for democratic socialism, and just as we did not accept Somoza's pro-imperialist dictatorship in the past, we do not accept the dictatorship of the Marxist-Leninists either."



Using a current events analogy to underline the danger threatening his country, Robelo stated emphatically: "We also reject the possibility of our being turned into another Afghanistan. We are against the CIA but we are also against the KGB that threatens Nicaragua."

Amid the enthusiastic support of the thousands of members who have bolstered the ranks of the MDN, Robelo explained in a few brief words his departure from the government. "I resigned because if I had remained on the junta, I would have become an accomplice in the totalitarian future that a number of evil sons of Nicaragua want for our country," adding that the people must struggle against "the sowing of class hatred that the upper echelons of government are undertaking."

"Enough fomenting ill will in our homeland! Enough dangerous flirtation with communist nations that only want to dominate the world!" he concluded.

The battle lines are unquestionably drawn in Nicaragua. The honeymoon is over for good between the democratic fighters who battled Somoza with the hope that freedom would dawn and those who did likewise with totalitarian intentions.

What is more, the Social Christian Party (PSC), the Independent Liberal Party (PLI) and the Democratic Conservative Party (PCD), which struggled resolutely against the Somoza dynasty, have refused to join the Council of State, the legislative body that Sandinism has hand-picked; despite the insistent appeals by Commander Bayardo Arce, the head of the new government arm, that they be represented on the council, they have postponed a decision several times, as the nation held its breath.

The only major non-government union that has associated so far with the would-be "congress" is COSEP [Higher Council of Private Enterprise], which in deciding to join, explained that it was doing so because it had received assurances from the regime that freedom of the press would be respected, the provisional mass media statute would be repealed and a civil rights protection law would be issued soon to deal with abuses.

The interesting thing about this development is that Robelo, a former COSEP president, has now opted for an open struggle and has not held back from making the serious charge that is the subject of this editorial comment.

In assessing his viewpoints, we must not forget that he was a member of the Government Junta for almost a year and has complete inside knowledge about the political persuasions and maneuvers of the three remaining junta members: Sergio Ramirez, Moises Hassan and Daniel Ortega, all of whom have clear-cut Marxist leanings.

There are those who believe that the forces of democracy are predestined to lose this struggle. They assert that it does no good to be in the right as long as the proponents of totalitarianism have the weapons.

But we must not forget that General Somoza was also armed to the teeth and that it did him no good when he was toppled.

The real problem, in fact, is to be found in a dimension that had not been all that clearly disclosed before this revolution: the intervention of the United States, the Andean countries, Mexico, Costa Rica and Panama against Somoza.

It was this international effort that put an end to the former regime. The question is: Are these same countries willing to unite, as they did previously, to salvage the revolution's democratic values and to facilitate a change towards freedom and justice, far removed from Somozaism but also far removed from Russian totalitarianism?

And if they were to do so, how would Cuba and the USSR react, which already have one foot in the land of the lakes and are preparing to insert the other.

These are the question marks that cause us to view Nicaragua's future with concern today. Despite everything, there is hope: the MDN has loudly awakened national and international awareness. May each person react in accordance with his sense of responsibility and in keeping with how important democracy and freedom are in his scale of values.

8743

CSO: 3010

CUBAN INFLUENCE IN NICARAGUA DISCUSSED

Tegucigalpa EL CRONISTA in Spanish 28 May 80 pp 3, 7

[Article by Fray Silvestre]

[Text] When the Somoza dictatorship was overthrown in Nicaragua (an absolute autocracy that misgoverned our sister republic for more than 40 years), we were optimistic about the country's future, especially when a Government Junta was appointed on which all social classes were represented. Any freedom- and justice-loving individual had to feel happy that a despotic system supported by the U.S. State Department had been done away with. But our confidence gradually began to crumble as it became obvious that Cuban tyrant Fidel Castro was aiding the Sandinist Revolution.

The recent break between businessmen and the Sandinist Front clearly shows that the Nicaraguan Government has surrendered hand and foot to "redeeming Marxism," which as we can sadly see from Cuba, will make Dario's homeland another satellite of Soviet Russia. And as happens in all socialist systems that betray systems of freedom, the Nicaraguan leftists have already given freedom of the press a stab in the back. The first victim was LA PRENSA, the paper that fought Somoza over the years and whose editor, Pedro Joaquín Chamorro, was assassinated by Somoza's hordes.

The Sandinist Revolution that overthrew dictator Anastasio Somoza is on a suicide course. It will never be able to recover from the economic disaster that has the country in the grips of total bankruptcy. The absence of Chamorro's widow and the resignation of Mr Alfonso Robelo Callejas from the Government Junta leaves the reins of power in the hands of communists who, tutored by Castroite advisers, will turn the Central American nation into another "Cuban model," to say the least. The good intentions of the new governmental team have vanished now that Somoza has fallen. Reconstruction programs will remain at a standstill because no country, and much less the United States, will want to aid a Marxist regime that does not offer any guarantees. Within a communist system that kills off free enterprise, capital flight and

the crisis of confidence that it creates tend to cause the disarray that we are seeing today in Nicaragua.

The outlook for Nicaragua is discouraging. We do not know what kind of aid Red Russia promised, but considering the Cuban picture, little can be expected from such aid. Success is something that communists cannot forgive. They immediately brand as bourgeois any individual who prospers due to his labor or initiative. The Marxist theoreticians do not realize that over the years experience has shown that free enterprise is the only system that can bring a nation the prosperity that people throughout the world long for. They are also unaware that profits are necessary in industry and trade so as not to hamstring investment, which keeps any nation's economy healthy.

We mistakenly thought that the Sandinist movement was not poisoned with the Red virus. We saw it as a nationalist effort that was to be expected after a dictatorship of so many years. However, a friend of ours reminded us that as soon as Fidel Castro took power in Cuba, a delegation of Nicaraguans consisting of Dr Enrique Lacayo Farfan, Gen Carlos Pasos and journalists Pedro Joaquin Chamorro and Hernan Robelo met with the Cuban tyrant in March 1959 and asked him to aid their struggle against Anastasio Somoza. This means that even then they saw Castro as the putative father of an embryonic Sandinist Revolution.

The ties between the Sandinists and Castro apparently grew gradually stronger until they ultimately came to light with Anastasio Somoza's downfall. It was later learned that Castro had supplied arms and provided training to Nicaraguan "revolutionaries" on Cuban soil for several years. Hence, no one was surprised by the massive deployment of Cuban "teachers" to the new Nicaragua. It was the right time to undertake communist indoctrination. The infiltration has continued to the extreme that the Government Junta has now removed its mask and is openly copying the Cuban example, from the regrettable surveillance by the committees for the "defense of the revolution," which block by block and house by house spy on and inform on all those who do not agree with the Marxist government arrangement, to the indiscriminate confiscation of property.

We confess that our optimism was premature. The enemies of democracy have been working day and night since Anastasio Somoza's fall to prevent Nicaragua from achieving institutional stability in a climate of freedom and justice. The only thing that Nicaragua has seemingly achieved is a change of dictatorship. They put an end to Somoza's tyranny and lapsed into the worst of dictatorships. Step by step they are drawing closer to the perverse, atheist communist system that did away with Cuba and that has turned the Caribbean into a Russian lake.

MILITARY RULERS ACKNOWLEDGE AGRARIAN REFORM FAILURES

San Pedro Sula LA PRENSA in Spanish 17 May 80 p 2

[Text] The military government recognizes it has not been able to consolidate the groups that will benefit from the agrarian reform, according to Minister of Natural Resources Rafael Leonardo Callejas.

The significant statement, which implies a recognition of the failure of the agrarian programs carried out by the armed forces during its administration, was delivered by Minister Callejas in the ceremony to present the Organic Law of the College of Agricultural Engineers.

Callejas was representing the president of the Military Government Junta, Gen Policarpo Paz Garcia, and spoke on "The Role of the College of Agricultural Engineers of Honduras in National Problems."

The minister of agriculture described the process of agrarian reform as "depressing," and recognized that the military government's efforts in this area have encountered a series of obstacles, including the shortage of professionals trained in agricultural matters.

On this subject, he suggested that even the first stage of the agrarian reform process has not been completed. This first stage involves granting lands, technical assistance, credit and adequate marketing networks to the different rural groups throughout the country.

"The government recognizes that groups which will benefit from the agrarian reform have not yet been consolidated and the situation is getting worse," Callejas said, referring to the "basic task of the armed forces."

Government Training

Following the presentation of the organic law to the College of Agricultural Engineers of Honduras, the official representative appealed to its members to overcome the obstacles in the path of the agricultural development of the country "through appropriate professional education in the country and abroad."



he also announced that his ministry has decided to establish an exchange training program abroad, sending more than 500 agricultural professionals in a year to countries which have offered their cooperation in this matter.

In his turn, the president of the agricultural engineers, Gerardo Kobleda, emphasized the unfair agrarian structure of the country, pointing out that the first step should be to ensure a better redistribution of the land.

Following extensive references to the efforts to create the College of Agricultural Engineers, its president appealed to his colleagues to get closer to the farmers, "helping them in their daily work and trying to solve the technical problems that arise in their living environment."

9141

CSO) 8010

## HONDURAS

### STATUS OF CONSTITUTIONAL ASSEMBLY DISCUSSED

Tegucigalpa EL CRONISTA in Spanish 4 Jun 80 p 3

[Text] On 20 July the National Constituent Assembly will be solemnly installed in our country. The deputies elected in the recent elections will have in this illustrious chamber that will represent the people's sovereignty the primary function of naming a provisional government to rule the country for a period of approximately 30 months. During this period of time a new fundamental law will be written by the above-mentioned national assembly, prior to holding first-round elections in accordance with the wishes expressed in many instances by the majority of the people.

The fact that Honduras is headed straight toward legal order within the framework of representative democracy is eloquent proof of the positive intention of the Military Junta and the Higher Council of the Armed Forces to fulfill Gen Policarpo Paz Garcia's promise that his administration would not last longer than circumstances warranted.

The suspicions, the wariness and the distrust that had been fostered--one might almost say successfully--by several insignificant groups which also preached electoral abstentionism, have now given way to a climate of real political stability. This confirms the democratic spirit of the Honduran people and strengthens their civic and ideological conscience to act as a catalyst in casting their votes with a higher sense of responsibility in the first-round elections to elect the future constitutional president of the country and the citizens who will sit in the national congress.

Now, the almost legendary fame that had made Honduras the target of corrosive and cutting criticisms for conducting fixed or fraudulent elections that invariably awarded success to the candidate of the official party, will gradually disappear like the mist and will give way to a democratic tradition equally divorced from unsettling ideological extremism, which are foreign to our people and our nationality.

Along this line of thought, we believe that registered political parties and those which have not yet been legally recognized as such, have a common task in this stage of the democratic rehabilitation which is already in

process after having successfully overcome the obstacles that normally arise in these circumstances. That task, which implies great responsibility, must be deemed an unrelinquishable duty and belongs to the political organizations, since they have brought together a large volume of opinions which represent the most significant percentage of the elements that are legally able to elect higher authorities. The fate and the destiny of the institution that will soon take shape can depend to a large extent on the deliberation, good judgment, moderation and intelligence of those who have assumed responsibility as leaders of political organizations. Recent events which have taken place in some countries of the hemisphere which have not been able to restore the democratic and representative system due to the internal struggles of warring parties and the internal differences which have torn them apart, must serve as a warning for those who, in Honduras, disregarding the voice of reason, have not yet heard, much less understood, a basic truth which can be summed up in one phrase: unity in diversity.

Under these conditions, it must be realized that what we have just said does not mean in the least withdrawing from militant ideologic pluralism, or injecting subservience into political parties, making them meek through ideas that are not critical and sentiments which apologize for the social truth. It is well known that discussion and debate, and in short, all contradiction--which, incidentally, is inherent in the nature of social regimes as long as the social division of labor exists--gives rise to an element that overcomes these differences to rise to a higher plane. In this sense, discussion and contradiction are constructive. But between that and having a legal institution that submerges a country in a social breakdown because of petty personal interests, or the vested interests of groups or cliques, there is an abyssal difference. Despite what we have just said, we must have confidence in the maturity of the leaders of traditional political parties and of those who lead the newly legalized groups and those which are yet to be registered.

In the meantime, Honduras is rapidly and steadily heading toward a new phase of its difficult life. The installment of the National Constituent Assembly on 20 July will mark the beginning of this new era.

FM/1  
USO: 3010

RELATION BETWEEN NEW REVOLUTIONARY STATE, FSLN NOTED

Managua BARRICADA in Spanish 13 May 80 p 3

[Article by Guillermo Rothschild Villanueva]

[Text] On more than one occasion various political groups in the country--from Robelo's proimperialist group to the opportunistic social democrats--have recognized that the new Revolutionary State is the organized expression of the masses. This concept, accurate from every point of view, is, however, not being expressed or recognized by them in the manner we have previously indicated. Because it is through their questioning of the emerging revolutionary state and their rejection of the measures which it has been adopting that this recognition is really expressed and that we see the clear awareness that these groups have of the interests and the nature of the new government which started to take shape at the time of the triumph of the revolution (19 July 1979).

The substantial changes which have been carried out in the power and structure of the government as an indispensable corollary to give concrete shape to the interests of the Nicaraguan working class--our workers and peasants--have been openly questioned by these groups which are opposed to the people's interests.

The petit bourgeois reformists of the circle gathered around the self-styled Conservative Democratic Party, Robelo's proimperialist sect and the opportunistic, self-styled Social Democratic Party have opposed in an abrupt and shameless manner the organization of our workers and peasants around their class interests, and their attacks against the Sandinist Workers Federation (CST) and the Agricultural Workers Association (ATC) have been systematic and slanderous. In this way they have resorted to the lowest means (their preferred course of conduct and one natural to their proimperialist, opportunistic and reactionary interests) in attempting to denigrate the FSLN [Sandinist National Liberation Front], the vanguard which carried our people to victory and the takeover of power.

They do not fail to take advantage of the slightest error in their attempt to discredit the people in arms--the EPS and the PNS--and other government

bodies. By these foul means they are trying at any cost to gain followers, resorting to an old Somoza practice. Lacking in imagination, they have not been able to be original even in this.

All of these maneuvers are aimed at trying to separate the FSLN from the government since they know full well that the FSLN faithfully represents our people's interests and that it is only its firmness and prestige that constitute an absolute guarantee for the permanent attainment of its most highly prized accomplishment: complete social, political and economic liberation.

No one knows better than those groups that our workers and peasants need the help of the government to attain their class objectives and to abolish forever the exploitation of human beings--the root and marrow on which the old Somoza regime used to support and nourish itself. The nature of the new Revolutionary State is qualitatively different, because the Somoza government, in spite of its personalized character, always had a conspicuous class dimension, from which these political groups benefited to a greater or lesser extent.

The policy of financial incentives; free imports; the regressive character of the financial policy; the participation in the control of the internal and external mechanisms for the flow of domestic and foreign trade; the legislation on the use of finances; the use of the National Guard, a repressive Somoza apparatus; and so forth, are only minor examples of the ways in which they benefited from the Somoza government.

No one knows better than our own people that if at a given moment the political groups mentioned dared to oppose the Somoza regime, it was because that government based the process of accumulating capital more and more on the personal use of the State power and structure, limiting the share of these groups in the profits, easy jobs and sinecures that they had enjoyed in the immediate past. When their share was reduced, they belatedly understood that Somozism no longer represented their class interests, for which reason they chose to oppose it halfheartedly, requesting of the U.S. Embassy its generous intervention in a desperate attempt to seize power, since the vanguard of the Nicaraguan people, the FSLN, was advancing relentlessly toward the final victory.

This shows clearly that their opposition to Somoza was inevitably limited to looking after their real interests as best they could, without it making the slightest difference to them what direction the struggle and destiny of our people had taken. Their political program (yesterday, as it is today) is strictly confined to preserving their class privileges, which, in other words means the illusion of returning to the past, forgetting that our people fought, not simply to depose the Somoza military dictatorship, but to see their class interests take concrete shape.

From the very moment of the revolutionary triumph, the nature of the new state confirmed for our people that the FSLN is their indisputable vanguard and



the only guarantor of their interests. Some 20 years of armed struggle under the most difficult conditions is a reasonable length of time in which to demonstrate before the eyes of our people the resoluteness and firmness of the FSLN in pushing forward the political program which has served as a central pivot and as a catalyst for our people.

If we seek irrefutable evidence with which to demonstrate to our people the profound changes which have been made in the government mechanism, it would suffice to point to three measures, which, regarded strictly from the point of view of class, show the FSLN's absolute loyalty to the principles of the working class:

a) The definitive destruction of Somoza's repressive body (the National Guard) and its replacement by the EPS ("the people in arms"), an accomplishment without which it would not have been possible for the Government Program of National Reconstruction to get underway, since otherwise the entire political plan would have been aborted;

b) The decree to "expropriate the expropriators," which returned to the Nicaraguan people what had been stolen from them by means of various judicial, political and social procedures.

c) The creation and composition of the Council of State, which has permitted our people, for the first time in history, to be truly represented in it and to change the old Somoza parliament, a true "cage full of parrots," into a real "working body." It is in addition a genuine expression of the broadest political pluralism because of the diversity of the parties and sectors which comprise it.

These three acts alone would suffice to verify the nature of our new Revolutionary State and the falseness and deceptiveness of the political campaign carried on by those groups which, encouraged from abroad, serve imperialism without considering the high cost our people had to pay to find the path to their liberation: more than 35,000 dead, about 100,000 wounded and the economic ruin of the country, which has made the reconstruction of Nicaragua more difficult.

In conclusion, we all know the nature of their maneuvers when they attempt to separate the FSLN from the State in order to open the way for their reformist projects and regain their privileges and profits, without caring at all about the fate of our people, even today when, without reserve or shame whatever, they continue to speak in the name of the people and claim to defend the people's interests. How about that!

9204

CSO: 3010

'BARRICADA': TO BE ANTICOMMUNIST IS TO BE MORALLY CRIMINAL

Managua BARRICADA in Spanish 12 May 80 p 3

[Article by Onofre Guevara]

[Text] To declare oneself an adherent of some political current is not only normal but also necessary because to fail to take a political stand is the most foolish way of compromising oneself politically with the reactionary manipulators of public opinion. The most natural course is to take a position within the climate of freedom we have in our country. To declare oneself anticommunist would appear to be merely an anachronism. But in reality, it is something more.

Anyone who wants to be anticommunist is free to do so, because that is a part of the exercise of freedom of conscience, but he must also realize that it means assuming joint moral responsibility for all the crimes against humanity which the champions of that "doctrine" have committed all over the world.

So, to be anticommunist is to express a belated solidarity with the highly obscure concepts of those who since the middle of the last century have engaged in hunting down the "ghost" of communism in order to protect privileges.

To be anticommunist is to share with Hitler and fascism in every drop of blood shed by the 50 million human beings sacrificed in the holocaust of World War II.

To be anticommunist is to identify oneself with those who were defoliators and murderers in Vietnam, Guatemala, the Dominican Republic and Chile.

To be anticommunist is to forget that in the name of anticommunism the corpses of our children, parents, friends and brothers accumulated for almost 50 years in macabre heaps.

To be anticommunist is to sully oneself with the crimes of the paramilitary bands which raise the flag of anticommunism in El Salvador, Brazil and other countries.

To be anticommunist is to enlist in the ranks of the most pernicious causes which threaten the lives, peace and happiness of the people.

Seen in the light of this historic truth, to declare oneself anticommunist now, in revolutionary Nicaragua, is a rather irrational choice and the least intelligent. Social confrontations do not have an essentially moral basis or inspiration but are primarily based on and inspired by the struggle for material interests. The irrationality of this is apparent, because in practice being anticommunist is something which is objectively "reasonable" from the point of view advocated by the reactionaries.

No anticommunist needs a theoretical moral justification at first, but only as a last resort, because until then he has his economic interests with all the social and political privileges derived from them. Aside from anti-communism, then, the decimated forces of the reactionaries have no other alternative. We should not then expect any moral qualms about the tradition of death that the anticommunist banner symbolizes.

Anticommunism in Nicaragua, anachronistic as it is, is in a certain sense understandable. The most reactionary groups are aware that they cannot openly defend their economic interests, since they know that at every step they offend the people's conscience because of the daily contrast between their affluence and the poverty of the masses. For this reason they try to scare the people and thus neutralize them by instilling into them their own fear. Since they know that their political objectives do not have any significant popular support, they seek alliances with external forces with whom they have longstanding common interests so that they can appear strong, adopting as their own the destabilizing schemes of the imperialists.

They understand that time is their greatest enemy, because the future is linked with the future of this revolution, and for that reason they hasten their provocations even though in so doing they have to do ridiculous things.

All this is given the semblance of normal, everyday political acts. For example, to conceal their lack of mass support and in order to spread false accusations and open provocations, they take refuge in remote corners of the country. No one would know about these small "concentrations" if it were not for the radio at their service. But that does not bother them. The international publicizing of these activities will be handled through the transnational news agencies. Mantiguas, for example, will appear to the world as the key center of Nicaraguan politics, because it suits the purpose of the imperialists to create the image needed to justify any future aggression against Nicaragua.

Nothing they do is outside the program, nothing is by chance. Their provocative and aggressive tone is not merely the use--or abuse--of the freedom which exists here. The fact that the revolution is maintaining this freedom intact is probably harming the anticommunists because it is causing them to lose the opportunity they are looking for to portray themselves internationally as victims of "communist brutality." More and

more they heighten their provocative tone, waiting for the "repression" which will give them world recognition.

Desperation is the illness of those who do not have truth, reason or the people on their side. However, the revolution maintains sufficient serenity so as not to allow itself to be provoked, because it has everything, which is the same as to say that it has the people.

Anticommunism is the "argument" of the desperate.

9204

CSO: 3010

## NICARAGUA

### ORTEGA DISCUSSES RELIGIOUS CURRENTS IN NATION

Managua BARRICADA in Spanish 22 May 80 pp 1, 5

[Text] Addressing the Conference of Christians for Peace being held here, Commander of the Revolution Daniel Ortega spoke on Tuesday night of two Christian orientations: that of the active and that of the passive Christians.

With regard to the first, he said it is the orientation of those who give up their lives rifle in hand or fighting through the outspoken word and who join ranks with the ragged and the poor.

The second, he said, is that of those who oppose the integration of the Church with its people, and who, striking against dignity and every human principle, say to the poor: let us continue being oppressed, let us continue being slaves.

Commander Ortega made a 2-hour speech before 48 participants in the Conference, among whom were bishops, priests and laymen from various countries.

Ortega cited the participation of Christians and priests in the liberation process, as well as their important role in the national reconstruction process.

He censured the attitude of priests who wittingly or unwittingly acted counter to the faith and, in effect, gave their blessing to the putrid system, the assassinations and the repressions against the people.

The acquiring of military grades by many representatives of the Church, as chaplains of an army that was an enemy of the people, as occurs in other countries, had not been foreign to Nicaragua, said the commander of the Revolution.

#### A Church of Real Christians

"Fortunately for our people," said the commander, "fortunately for the Revolution, we were able to feel the force of a different Church from the one we have been talking about. The result has been the integration of that

Church, which was the true Church of God for us revolutionaries, because it was with the exploited, with the people, with the oppressed, and because it condemned and stood up to the executioners, to the exploiters. That was the Church of Camilo Torres, it was the Church of Gaspar Garcia Laviana, it was the Church of Arnulfo Romero, the Church of the real Christians."

Ortega Saavedra reiterated that being a Christian today means being a revolutionary.

Commander Daniel Ortega called upon the Conference participants to understand and defend the Nicaraguan reality, telling them that the Nicaraguan Revolution is in fact the Revolution of Latin America and of the oppressed peoples.

#### Use of the Government to Exploit

Ortega pointed out that in the past those who exploited and tyrannized used the government to exploit the Nicaraguan workers; but that today it is the Nicaraguan people themselves who make use of the government to produce wealth that benefits the vast majorities.

He also said that here we have a mixed economy that involves thousands of peasants who own lands, which the Revolution holds sacred and inviolable.

Ortega recognized the patriotic attitude of those of the bourgeoisie who have supported the cause of the people, but also that there is another sector that is not in agreement with the country's policy and is trying to become the country's power center.

With regard to the above, he said that the role of the Church, of Christians, must be to struggle for the conversion of the minds of those who seek only personal benefit from the profits of their enterprises, relegating their laborers and employees to abject poverty.

#### Pluralism

Referring to those who advocate and talk of pluralism, Ortega asserted that it is already achieved in the form of a Council of State such as is hard to find anywhere in Latin America.

#### Support and Solidarity of the Conference Participants

Jacinto Ordonez, who chaired the Conference, expressed in behalf of its participants the backing and solidarity of the Conference of Christians for Peace in support of our revolutionary process.



With deep-felt words, he said they had chosen Nicaragua in order to tell the world that in Nicaragua there is a transforming Revolution and a Free Homeland," to which the Christians are committed.

The chairman of the Conference concluded saying, "Justice and liberation are the only roads that lead to peace; please accept our support and commitment in this struggle which has just begun."

9238

CSO: 3010

SOVIET CHURCH LEADER: CORDIAL USSR STATE-CHURCH RELATIONS

Managua BARRICADA in Spanish 24 May 80 p 7

[report of interview with Abbot Sergey Fomin of the Russian Orthodox Church, during Conference of Christians for Peace, in Managua; name of interviewer not given]

[Text] In the USSR the church takes an active part in the building of socialism and no differentiation exists between believers and non-believers.

Abbot Sergey Fomin, representing the Russian Orthodox Church, participated in the Conference of Christians for Peace which was held in our country.

The Russian cleric is a man of impressive stature and powerful build, with a full-grown beard, and dressed in a black robe.

Through an interpreter we held the following dialog:

[Question] What is the situation of religion in the Soviet Union? In other words, what is the relationship between the state and the religious organizations?

[Answer] In the Soviet Union, the most cordial relations exist between the state and the religious organizations. All religions are coequal; no one of them has been given preference by the state; this has been so since the initial months of the October Revolution. On 22 January 1918, a decree signed by Lenin was published, separating the church from the state.

In accordance with this decree, the state does not interfere with the internal life of the church; all religious organizations carry on an autonomous life conforming to their own particular traditions. There is a department within the Council of Ministers that deals with religious matters for the purpose of maintaining liaison between the state and religion.

[Question] What has been the experience of the Orthodox Church in a socialist state?

[Answer] It participates actively in the building of the new society. In socialist countries no distinction is made between believers and nonbelievers; together, they form a partnership; the communists, the believers and nonbelievers are all building their future in the same manner, and they are all remunerated according to the work they perform.

[Question] Could you explain briefly to our people what the Orthodox Church is?

'The Difference Is Dogmatic'

[Answer] The Orthodox Church is one of the branches of the early church, which broke away from the Roman Catholic Church in 1504 and has since then developed independently. In principle, the Roman Catholic Church and the Russian Orthodox Church are one and the same Church, although a few dogmatic differences exist between them, and in a thousand years that have passed a new character and a new tradition have been formed.

The Russian Orthodox Church supports the state's policy in regard to the struggle for peace and is deploying a major effort in defense of peace; it was the initiator of the International Religious Conference for Peace held in Moscow in 1977, at which a number of representatives worked on the theme of achieving a solid peace, for disarmament and a just peace among peoples.

The Russian Orthodox Church also supports liberation movements and the struggle against racism. As regards its activities for peace, it also took part in the Christian Conference for Peace, which was founded in 1959 with the Orthodox Church as one of its founders. It also takes part in the World Council of Churches and in the World Council for Peace. The Church takes an active part in the Soviet Committee for Peace. There is in the Soviet Union a Fund for Peace, and the Orthodox Church contributes to that fund.

[Question] Is Marxist ideology contrary to religion?

'Cooperation Between Marxists and Christians'

[Answer] Marxist ideology and that of the church per se are incompatible with each other and we must not try to merge them; but if we speak of a practical cooperation between the Christians and the Marxists here, it is necessary and all must work together.

Everything Christ proclaimed as a principle of freedom and brotherhood is being practiced by the communists in their everyday life, and when we talk of the work of everyday living, not only the Christians and the communists but all persons of good will must all work together.

[Question] What is the relationship between the Church you represent and other Christian currents?

[Answer] That is a very broad question. In the first place, the Russian Orthodox Church has very good relations with other Orthodox Churches, of which there are 14 throughout the world, and with the Roman Catholic Church. Professors from the Vatican come to lecture at the Russian Orthodox Church's spiritual school, and in the Vatican there is a school where two priests of the Russian Orthodox Church can study at the same time. This dialog has as its objective to unite the Churches. The Russian Orthodox Church also has good relations with the Protestants. And there are other forms of cooperation among the Churches, such as analyzing together the world's current political problems, disarmament, and the struggle for national liberation in the developing countries.

[Question] Can one be a Marxist and believe in God?

[Answer] We do not have that kind of experience in the Soviet Union because the Communist Party's statutes stipulate or presuppose that to be a member of the Communist Party one must be atheist.

9230

CBO: 3010

# FORMER FOREIGN MINISTER GIVES VIEW ON RELATIONS WITH CUBA

Lima UNIDAD in Spanish 24-29 Apr 80 p 7

[Interview with Gen Edgardo Mercado Jarrin, former Peruvian foreign minister and president of the Institute of Geopolitical and Strategic Studies; date and place not given]

[Text] The Peruvian-Cuban problem is not merely a legal problem or one of interpretation of the right of asylum; rather it is a political-strategic problem from which we cannot exclude the intervention of the United States in its desperate efforts to counteract Cuban influence in the Caribbean Basin, according to Gen Edgardo Mercado Jarrin, former Peruvian foreign minister and president of the Institute of Geopolitical and Strategic Studies.

UNIDAD talked at length with Mercado Jarrin about the causes and consequences of the Peruvian-Cuban problem, which arose out of the invasion of the Peruvian diplomatic offices in Havana by antisocial elements. C. this occasion, Mercado Jarrin also reviewed Peruvian foreign policy during the Gen Juan Velasco government, of which he was the foreign minister from 1968 to 1972 and prime minister in 1973-1974 and under the present government.

UNIDAD: In your opinion, what are the causes of the Peruvian-Cuban problem? Do you think this situation is part of an international conspiracy to discredit and isolate Cuba?

Edgardo Mercado Jarrin: By the very evolution of the problem, I think this has already ceased being a matter of asylum or a legal problem and is now situated at the political-strategic level--political because of its consequences and reactions and strategic because the world of today has reentered the cold war. Since World War II, neither the Berlin crisis nor the Cuban missile crisis was of such importance from the standpoint of strategic structure as the crisis which has just taken place in Afghanistan, where the presence of the Soviet Union is changing the world's strategic chessboard, because the USSR is present in Afghanistan close to the most important strategic area, namely, the oil region of the Persian Gulf.

This has given rise to the "Carter Doctrine." He has stated that the Persian Gulf is an area of vital interest to the United States and that any threat to it will force a military intervention. The USSR has said that it cannot be a vital area for Washington because the Persian Gulf is 10,000 miles away.

On the other hand, the Caribbean Basin has become America's most important strategic area, where the influence and repercussions of the Cuban Revolution have given rise to what is being called the "new Caribbean left."

UNIDAD: Then, we are to deduce that behind the most recent events the hands of the United States are to be found, which has reopened its "psychological warfare" against Cuba....

EMJ: I have no information on that subject; however, from the strategic standpoint it is logical for the United States to take advantage of any opportunity to decrease Cuban influence in the Caribbean, with support for the hegemonic activities of Venezuela which is the new front that has sprung up to counteract Cuban influence. Unquestionably the way to broaden this new anti-Cuban front is the Andean Pact. The present situation could induce the United States to step up its frenzy and pressure. And it will not only be a front made up of Peru and Venezuela but also of the other three Andean countries (Colombia, Ecuador and Bolivia), which will greatly weaken the Cuban presence at the time of a world confrontation. To sum up, what now interests the United States is the neutralization of Cuba in the Caribbean, so that it will not continue to make waves; e.g., in El Salvador, avoid another Nicaragua and prevent a recurrence in the Caribbean Basin of what has taken place in the Middle East with Iran.

UNIDAD: In your opinion, to what extent would a break in relations between Peru and Cuba affect the national interests of the two countries?

EMJ: Unquestionably a break in relations would not benefit either Peru or Cuba. Both would be losers because they are members of the Movement of Nonaligned Countries in which the presence of the two countries that have had the most important expressions have given dignity to the Latin American position in that forum.

If such a break were to take place, the Latin American position in the Movement of Nonaligned Countries would suffer increasingly more and would make the Latin American presence as a whole in the organization very difficult. Also, there would be a debilitating effect on the north-south confrontations in which both countries have a common interest. Moreover, we have struggled so hard for reestablishment of relations that a break would be very painful. I believe that up to now the Peruvian foreign ministry has engaged in a well-balanced policy without hastiness.



UNIDAD: How do you see the role of the Andean Pact in the case of Nicaragua?

EMJ: I think that the Andean Pact role was very important because it avoided a repetition of the old U.S. positions, such as the landing of marines or the creation of an inter-American force. On the contrary, it permitted the individual development of the Nicaraguan process, without outside intervention. In that regard, the future of Nicaragua will depend very much on the way the United States perceives its relations with Nicaragua. If those relations consist in utilizing loans and international cooperation as instruments of pressure, then Washington's policy will be in error.

UNIDAD: In your opinion, how is the Andean Pact acting in the face of the Peruvian-Cuban problem?

EMJ: I think that the first declaration made by the foreign ministers of the Andean countries is not an executive declaration but one of solidarity which maintains the possibilities of continuing to negotiate with Cuba. However, I think the Andean Pact on that occasion missed an opportunity to reaffirm its political position. It did not function the way all of us expected and missed its opportunity to play an important role. The initial declaration should have been more executive in nature, with recommendations to its governments to adopt concrete measures.

UNIDAD: What do you think about the actions of the foreign ministry vis-a-vis the Cuban problem; and as former foreign minister, what steps would you take to formulate a foreign policy in the present circumstances?

EMJ: The conduct of Peruvian foreign policy at present is subject to the interplay of two kinds of pressures: pressures coming from the change in the confrontation at the world level and pressures coming from a partisan political struggle, in the internal sector. The resumption of the cold war will bring about a series of pressures for a country which has been expressing a nonaligned position; and, then, the skill of the leadership in the shaping of an efficient, firm and sovereign policy which responds to national interests, will consist in knowing how to eliminate the pressures. That will only be accomplished to the degree that there is specification and maintenance of strategic aims so that those objectives are not confused.

UNIDAD: The Peruvian people are observing that the Peruvian Government's attitude has been different vis-a-vis the Cuban problem and Chilean espionage against our country. Do you share that opinion?

EMJ: We are living in a period of cooling of Peruvian relations with Chile, which shows itself to be the result of ineffective leadership. Foreign policy is being conducted without strategic aims. There is no clarity in Peru's political objectives; and, then, its relations with the Southern Cone do not have a clear orientation, adopting an ambivalent and

balanced vis-a-vis Argentina and Chile. Then-Foreign Minister de la Puente visited Santiago at the very time that the Buenos Aires prime minister was there, although there was a conflict. This did not sit well with Argentine sectors. The mistake was one of attempting to maintain a policy of indecision.

On the other hand, it is obvious that there is no firmness in the conducting of the policy vis-a-vis Chile, because if there is a case of espionage, how can there be a visit to Santiago by the Peruvian foreign minister if satisfaction has not been given to Peru which, in a way, had been offended in its relations. There is an inconsistency between a visit, which takes place at the highest level, and an act which in the international sector would require a kind of reparation that was not accorded.

UNIDAD: Finally, please give us a brief review of the Peruvian foreign policy of Gen Juan Velasco's government and of the present government.

EMJ: During the first 7 years of the revolutionary government of the Armed Forces, Peruvian foreign policy was characterized by a permanent creativity of actions, attributable to the struggles against imperialism and the defense of our sovereignty and our resources. It was an independent policy because no country dictated foreign policy to Peru; rather, as a sovereign country, it adopted its own course of action with inspiration drawn from its own strategic interests and aims.

On the other hand, it is obvious that in the last few years Peruvian foreign policy has fluctuated, which is explained by the lack of definition in strategic aims. There was no clear position vis-a-vis the Third World countries, the Movement of Nonaligned Countries and the Chilean-Peruvian problem. The fluctuation of Peruvian policy resulted in Venezuela's President Perez attempting to occupy the place left by Peru. Prestige, the sense of independence and firmness gained in the first few years, cannot be displayed today. In the Garcia Bedoya period, an effort was made to regain the levels attained.

With Velasco, Peru took a nonaligned position which served to give it a world dimension in the 200-mile proposition and to have the solidarity of the countries of the so-called Third World vis-a-vis the predations of the United States, a country which was accustomed to having nations within its sphere of influence assume ideopolitical positions in line with its orientations.

The first question I was asked after becoming foreign minister in 1968 was whether Peru was satisfied with the international situation. The answer was "no." Then, we initiated a firm and independent policy, modifying Peru's position within the Latin American and world contexts. The result of this position was a period of confrontation with the United States. Then, Peru conceived a strategy of solidarity in three concentric circles: at the Andean Pact, continental and international levels. Under those circumstances, Cuba, which was isolated, attempted to break the imperialist encirclement, just as Peru tried to break the encirclement, that imperialism wished to impose on our country. This Peruvian and Cuban community of interests caused us to reestablish relations.

8143

CSO: 3010

BELAUNDE TERRY DISCUSSES FUTURE GOVERNMENT PROSPECTS

Rio de Janeiro MANCHETE in Portuguese 31 May 80 pp 124-125

[Interview with President-elect Fernando Belaunde Terry, in Lima, by I. B. Teixeira, date not given]

[Text] The democratic territory in Latin America expanded considerably last Sunday with the Peruvian general elections. About 7 million voters went to the polls to choose a president and vice president, 60 senators and 180 deputies, an event occurring for the first time after 17 years without elections and 12 of successive military governments.

"The young people will decide the political future of Peru," a commentator wrote in the newspaper EL COMERCIO, referring to the fact that 60 percent of the Peruvian voters are under 21. Curiously, in fact, it was the young people who guaranteed the election of the oldest presidential candidate, former president Fernando Belaunde Terry, 67, fondly known throughout the country by the nickname "the Architect."

Belaunde made consistent advances in electoral popularity despite the violent attacks of his opponents, both on the left and on the right. While the right wing accused him of populist demagogy, the left wing held him responsible as founder of the Popular Action movement for having opened up the country to foreign capital. In an exclusive interview with MANCHETE, the president-elect of Peru defended himself against his opponents, stating the following:

"What did they expect? That I would condemn my country to stagnation, paralysis, poverty? In this country a revolutionary is one who creates jobs, who frees the nation from the plague of unemployment, with or without foreign capital. I have a firm commitment to the young people and I will honor it: to speed up development, to create sources of work and to allow each Peruvian to realize himself fully in his work." Fernando Belaunde Terry, who was defeated in 1968 by General Velasco Alvarado's nationalist revolution, spent 7 years in exile in the United States before returning to Lima to reorganize his Popular Action party. But like any experienced politician,

he harbors no special bitterness against the nationalist military. On the contrary, he promises to retain the social forms imposed by the Velasco government if they serve the needs of the future in the country. Because of his balanced position between the left and the right and his current advancement toward his goals, Belaunde is known as "the Juncelino Kubitschek of Peru."

The president-elect of the republic--who won almost 50 percent of the votes--met with the special correspondent of MANCHETE in Lima in an exclusive interview which in the end became a very informal chat with journalists.

[Question] To what do you attribute your triumph, Mr President?

[Answer] To the fact that we have a party which listens and does not impose, a party open to dialog, a party whose origins lie in Peru and which takes its inspiration from its people and the physical forces of its dramatic geography.

[Question] After 7 years in exile, and even suffering some physical violence, such as your expulsion from the San Martin Palace, how does it feel to be elected president?

[Answer] In fact, I suffered physically from arbitrary action. One Christmas night I was banished. Years later, when they dared to state that I was abroad thanks to my own desire, I tried to return to Peru across the northern frontier, but the hired ruffians would not allow it, leading to a scandal of international proportions. But none of this discredited us, just as we are not dazzled by the return to power, which we have experienced before, moreover.

We are not really seeking the honors we have already enjoyed, but the responsibilities which duty imposes upon us. Our only purpose is loyally to carry out the responsibilities the people have given us.

[Question] Do you not feel bitterness toward the armed forces?

[Answer] During the 5 years of my preceding government I was in constant contact with the armed forces. During that period the dignified and gentlemanly treatment with which I always dealt with them, which will continue to be the case now, was evident. Naturally, I have a special affection for the military in my country and the thousands of officers to whom it has been my pleasure to present their swords, not as symbols of challenge but as a guarantee of our territorial integrity, have heard this from my own lips. The armed forces know how we have succeeded in cultivating peace in an atmosphere of appreciation and respect for Peru. But one thing is certain: we do not want armed forces with a political hue. They must boast solely the colors of the national flag.

[Question] What about inflation, Mr President? What can be done with the almost 60 percent current rate?

[Answer] Inflation and the foreign debt will have priority treatment. We cannot toy with inflation.

[Question] After 12 years of nationalist military government, what is the status of the problems of the country?

[Answer] The problems are there. From an exporter of grains we have become an importer of potatoes. The agrarian reform we launched with healthy and honorable intentions was diverted from its goals. Instead of achieving the intended more extensive area under cultivation, vengeance was encouraged. Peru, which was also a great sugar producer, has become dependent with regard to this product.

During all these years only storm seeds were sown. Since we went into exile, the housing problems have become more acute. Public education is passing through its worst crisis now.

[Question] How can this be remedied, Mr President?

[Answer] I have set forth the problems. Now let us speak of the future. Our government will defend a very specific triple program: full employment, full supply and full liberty. We will create a million new jobs, we will develop the country, we will develop a specific farm policy allowing the efficient agricultural exploitation of Peruvian fields. Finally, we will consolidate a pluralist society which is open to dialog, the only possible way of finding a solution to the problems and not problems for the solution.

[Question] And what about Brazil, Dr Belaunde? How do you view our country?

[Answer] About your country it suffices to say that I was a great friend of Juscelino Kubitschek.

[Question] Have you some special project you plan to carry out with President Joao Figueiredo?

[Answer] I have followed the political actions of President Joao Figueiredo with great affection. Brazil is potentially very important to Peru. Moreover, we have complementary economies. We can market our oil in Brazilian consumer centers with the greatest supply difficulties. In exchange we can hope to receive a great contribution from your powerful industrial sector, your highly valued technology and equipment. I have great hopes of doing good business with Brazil.

[Question] Like Kubitschek, you too were a great builder of roads. What has happened to your transcontinental highway?



[Answer] Shortly Brazilians will be able to drive to Lima on good roads. The transcontinental highway is entirely viable. The hardest part was completed with the Lima-Pucallpa stretch, crossing the mountain range 4,850 meters high. The Pacific Ocean will now be closer to the Atlantic.

[Question] Have you confidence in the future of Peruvian democracy?

[Answer] How could I not? After the recent experience, the Peruvian people demanded and obtained the return of the democratic system, the only political formula capable of resolving the problems of the people in enduring fashion. We are already demonstrating that it is possible to govern a country when faced with the most adverse conditions, without succumbing to the totalitarian temptation. In fact, the intelligence of man has not yet invented a formula better than that of democratic coexistence.

5157

CSO: 3001

## VENEZUELA

### OPEC SPECIAL FUND MEETINGS DISCUSSED

Caracas RESUMEN in Spanish 15 Jun 80 pp 36-38

[Article by Abilia Moreno]

[Text] Even though our country's original idea was that OPEC ought to have a powerful, important, influential arm in the form of an international bank, most of the organization's member countries did not believe in it, and even though an agreement was reached to replenish the OPEC fund with an additional \$1.6 billion, a decision was not made as to the breakdown for contributions.

Two important meetings were held recently in Vienna: the Special OPEC Fund on 24 May, and the Committee of OPEC Finance Ministers on 26 May. Both meetings saw very important decisions made with regard to the organization's financial future and cooperation with other developing countries, mainly the lower income nations in OPEC.

During the first meeting, that of the Special OPEC Fund, plans to transform the fund were submitted or worked out in their final form. Two options were given consideration.

One was to turn the fund into an international financial organization with the legal status granted it in January. This proposal was backed by most of the 13 OPEC member nations, except Algeria and Venezuela.

The other was to turn the fund into an international bank. This proposal was originally backed by Venezuela in 1970, when Mines Minister Hugo Perez La Salvia initiated the endeavor. Perez La Salvia thought that OPEC ought to have a powerful, important, influential arm, but all efforts notwithstanding, an international bank for OPEC was not set up. The first option won out; the main opponents were Saudi Arabia and Kuwait, followed by many other Persian Gulf countries.

Leopoldo Diaz Bruzual, the minister president of the Investment Fund and Venezuela's representative at the two meetings, explained in

detail what the creation of the fund would entail, what the objectives were in making this proposal and what benefits it would have yielded had the other members voted for the Venezuelan option.

"Venezuela and Algeria thought that the conversion of the OPEC fund into a bank would entail several advantages.

"It would be a much more streamlined, effective and timely instrument of cooperation than the institution that has just been modified, because now, just as before, loans are granted every 3 or 4 months, both for development projects and to help countries with balance of payments difficulties."

Speaking on behalf of Venezuela, Diaz Bruzual argued that the timing of assistance, not the amount, is the most important thing. The following example backs his argument: "If a country with scant revenue is having serious balance of payments difficulties, it is more important for it to get \$20 or \$30 million in a few days to pull it out of a temporary tight spot than to get \$100 million in 2 months. By the time that this amount would arrive, the country would probably already be in a crisis, have devalued its currency, put on exchange controls or experienced a string of terrible economic difficulties like the ones that we can see today both in Latin America (especially the Caribbean) and in Asian countries. Hence, the creation of the bank is a much more appropriate solution."

With the creation of the bank, the FIV [Venezuelan Investment Fund] minister stated, the countries would be forced to furnish capital by underwriting shares, and OPEC would not have its current problem of knowing what proportion of the contributions should be made to the fund. In this case, each country would underwrite however many shares it wanted. "Furthermore, in share underwriting a \$5 billion principal would not mean that all of the shares have to be paid for, just some of them; the partners would pay off the rest of the principal later." This is the second advantage. Diaz Bruzual commented in detail on the third advantage:

"With a large underwritten principal, even though paid off in small proportion, the banking institution could turn to international capital markets to obtain fresh funds from countries other than OPEC members, which would lend it major importance as a financial institution that could siphon off non-OPEC resources for the lesser developed countries of the Third World." The benefits do not end here. The FIV minister disclosed another benefit that would have come with the establishment of the international OPEC bank. He explained it as if it were a lesson that he had learned by heart.

"The institution could open up a number of teller's windows, as we say in the language of finance, that it could not open just as a bank,

because of the principal involved. This would be taken care of through specific contributions from member countries earmarked for grants to be used in technological projects or cooperation. By the same token, another of the bank's advantages as an institution is that the member countries could deposit, on their own, international reserves in other OPEC member nations, which would enable them to be placed on capital markets with much greater bargaining power and to thus influence these markets and the world monetary situation and to push for a reform and transformation of the existing monetary system."

#### We Are Still Not Beaten

Diaz Bruzual is optimistic about the future creation of the international bank. He thinks that OPEC could still evolve towards its own bank because it would provide a strong financial arm to further the organization's policies, so that it would not continue to be just a price-boosting group. A bank would give it much greater scope of action and bargaining power. The idea is not new either. In 1970 and 1971 projects were submitted for what the oil ministers called the OPEC bank. Venezuela has backed, developed and struggled for the idea for a relatively long time.

Diaz Bruzual has an explanation for the refusal of the other OPEC countries to back the Venezuelan proposal. In light of the obvious question as to why the creation of the bank was not approved, given all of these stated advantages, the minister confessed that he too posed the same question. "I asked the opposing member nations the same thing on several occasions. They never told me why they were against turning the institution into an international bank. The most that they said was that this was not the time. Ten years later it seems as if it is still not the time. I don't know when the right time will be; perhaps when there is no point in it anymore. It's like good-looking women who don't want to have children early in their marriage; they get married at 30 and begin putting it off, and then when they want to have kids, they are no longer fertile, or there might be something wrong with the baby. I don't know whether political interests or financial cowardice were at work, because the reasons were never explained to me."

In spite of the "peculiar" unwillingness of the other members to back Venezuela's proposal, our country did explain in detail why it advocated the creation of a bank. "I am still optimistic because at the Tripartite Conference of Foreign Relations, Petroleum and Finance Ministers that will be held in the next few months, we can again propose the creation of the bank, but this time as a conference decision, not just as a recommendation. What often happens is that certain forums, such as those connected with petroleum, will recommend one thing while others will regard the same thing as inappropriate.

It would seem as if some countries have governments that hold no opinion on various issues; any opinion would, instead, depend on their representatives to certain meetings or conferences."

Diaz Bruzual denies that Venezuela will return from Vienna in disappointment because the conversion of the Special OPEC Fund into an international organization still entails a series of benefits and is a fairly big step forward. "We cannot assume that a transformation of the organization is not highly beneficial just because Venezuela does not push through what would be the best idea."

#### An Additional \$1.6 Billion

Another major facet of the OPEC Finance Ministers Council, which made the final decision on transforming the OPEC fund, was the move to put an additional \$1.6 billion into the fund.

"This does not mean, however, that a final decision has been made as to how the \$1.6 billion is going to be apportioned among the member countries. A number of diverging views arose here. As far as some countries were concerned, mainly Saudi Arabia, the additional funds ought to be apportioned in the same way as the three previous contributions. Venezuela held an opposing view.

"In an established institution arbitrary or voluntary contributions make some sense. In a new institution whose stability depends largely on how the member countries obtain their resources, voluntary or proportionally unfair contributions cannot provide the security that such a new institution requires. This is why Venezuela proposed that contributions be made in accordance with a parameter that we considered the fairest: they would be proportional to each country's oil export income. A number of members agreed, including Iran, which, as we know, has appreciably cut back its exports. The other countries, however, contended that the contributions should be made in the same way as in the past. If they were to be made in the same proportion, Venezuela would be the country that would have to contribute relatively more, and this has always been the case."

The country that has contributed the most in absolute terms is Saudi Arabia. Not counting the additional \$1.6 billion, it has put \$640 million into the fund, while Venezuela has contributed \$380 million. "If we compare Saudi Arabia's output and exports of oil with our country's, we see that it produces more than 8 million barrels a day, whereas Venezuela barely reaches 2 million barrels a day in output, not exports. In other words, Venezuela produces or exports less than 25 percent of the Saudi total, aside from the fact that it is much cheaper to produce a barrel of oil in Saudi Arabia than in Venezuela.



In relative terms, Venezuela contributes a great deal more than Saudi Arabia, because we produce just 25 percent of what Saudi Arabia produces and we give the OPEC fund more than 60 percent of what it provides. We are, I repeat, contributing a lot more to the institution that has just been formed and to the previous Special OPEC Fund."

#### Venezuela, The Biggest Contributor

It is not that Venezuela wants to contribute more than Saudi Arabia. What happened was that when the Special OPEC Fund was set up in Paris, contributions were made somewhat arbitrarily and voluntarily, and our country provided more or less 16 percent of what the 13 member nations put in. Some countries contribute only \$1 million. The same arrangement applied on the next two occasions, and the same proportions as well. Thus, Venezuela has turned out to be the largest contributor to the fund. Now that it has become an institution with legal status and clear-cut mechanisms, the most important thing is to define how these contributions can be apportioned fairly.

"The fairest way, in my judgment, is to apportion them in accordance with each country's oil export earnings. I said that two parameters could also be adopted.

"Each country's oil output and oil earnings per capita would be considered. Saudi Arabia and Kuwait would have to contribute relatively more than Venezuela. What Venezuela does not want is to keep contributing in the same proportion as it has so far.

"To summarize, the extra \$1.6 billion contribution was approved, but we do not know how the money is going to be apportioned, because Iran, which previously put in \$200 million, is not willing to go past \$75 million this time, since its oil exports have dropped from 4 million to 500,000 barrels a day. In this sense, Iran has more than enough reason to back Venezuela's proposal that the parameter that I have just described be the yardstick for the contribution breakdown.

"Finally, I should emphasize that the OPEC Finance Ministers Council, which is so important and which met this past 25 May in Vienna, approved its operational and procedural standards. So then, in a nutshell, it has established itself as OPEC's most important financial body; in other words, the finance ministers meet to discuss the policies that OPEC should pursue, especially with regard to financial cooperation with other Third World countries. However, this does not exclude future action on monetary issues, currency rates or standards, export prices, OPEC's stand on world monetary crises, reform of the international monetary system, that is to say, everything that has to do with the organization's financial policies. In this way, fields of



action are mapped out among the various ministers representing the governments of member countries. In the future, the petroleum ministers will channel their efforts into the area of output, prices, short- and medium-term management and supplies, the status of oil prices. The financial aspect will be handled more by the organization's finance ministers."

The councils of ministers generally meet in Vienna, the headquarters of the organization, although the petroleum ministers have gathered not there but in Geneva since the famous kidnaping. The Special OPEC Fund and the finance ministers are headquartered in Vienna, but this does not mean that they have to hold their conferences there. The finance ministers will meet next in Quito, at the request of the Ecuadorean Government. This will be in September. The Committee of Finance Ministers (which is what it used to be called) met twice a year and was more a de facto than a de jure institution. It currently exists as the Council of Ministers, with its own rules, procedures and methods of discussion.

Each minister brings to the meetings his own agenda, which has been discussed within the Special OPEC Fund and the General Secretariat of OPEC, which is the secretariat of the various existing bodies. In this case, it is the petroleum conference itself, and in the future it will be the secretariat of the Finance Ministers Council.

8743

CSO: 3010

## VENEZUELA

### OIL POLICY FOR NEXT 5 YEARS OUTLINED

Caracas EL UNIVERSAL in Spanish 5 Jun 80 Sec 1 p 17

[Text] Endorsing all of the strategic guidelines for petroleum policy, the draft energy program for the next 5 years calls for the oil industry to invest 100 billion bolivars during this period.

The following is an outline of oil industry activity over the next 5 years:

A. Production and Potential: Maintain oil production at around 2.2 million barrels a day for the duration of the program. Undertake ongoing efforts to boost potential output to 2.8 million barrels a day.

B. Exports: Desired export levels must be tied to actual foreign exchange needs, bearing in mind the increasingly greater proportion of crude oils in this export mix. The country will adhere to the premises established in connection with boosting exports of natural gas-based liquids.

C. Domestic Market: If the local market continues to consume refined petroleum products as heavily as it has been, our oil export and refining capacity could be seriously impaired. Furthermore, if delays should take place in a number of energy projects, the limitations would be even more critical.

In light of the foregoing considerations, the commission recommends the following:

1. Draw up a schedule of fair prices for these resources on the domestic market.
2. Establish coordinated transportation policies, not just for automotive vehicles but also encompassing new transportation alternatives, such as railways, so that users have options that are in keeping with available petroleum resources. In addition, provide incentives for the use of alternate automotive fuels (liquified petroleum gases).

3. Establish effective measures to control irregular fuel sales. In this connection, the commission suggests that marketing and infrastructure arrangements be set up for the distribution of the fuels so that this situation can be taken care of.

4. Aim at better coordination among the state enterprises themselves, in order to determine the sector's real energy needs and thus avoid the irrational use of the resource and the additional costs that this entails.

5. In entering into fishing or other contracts, the state must take into account the availability of hydrocarbons resources and see to it that they are not used as indirect subsidies.

6. The search for free gas must be promoted and accelerated, so that it can be used as an alternative fuel to meet part of the domestic market demand.

D. Investment: During the life of the program the petroleum industry will invest the equivalent of 100 billion bolivars in all of its activities.

In keeping with the policy of expanding reserves, potential and output, the industry will focus its efforts on exploration and production investments. These two activities will absorb around 50 percent of total investment.

Major efforts are being made in connection with the activities in the Orinoco belt, where most of the resources will be invested under the plan.

E. Self-Financing Policy: As part of the consolidation of the oil nationalization process, the Executive Branch should continue to implement the oil industry self-financing arrangement, while at all times heeding the requirements of the federal budget.

F. Integrating the Petroleum Industry into the National Economy: Establish close-knit coordination between the Venezuelan Government's industrial policy and the oil industry's expansion and development programs, in order to produce domestically the intermediate goods, capital goods and services that the industry requires.

G. Human Resources: Seek a greater degree of coordination between the oil industry's plans and programs and programming for required human resources.

H. Information Science: The programs to systematize the sector's information and statistics should be promoted.

## VENEZUELA

### CENTRAL BANK REPORTS UNUSUALLY HIGH INFLATION RATE

Caracas EL UNIVERSAL in Spanish 5 Jun 80 Sec 1 p 14

[Article by C.R. Chavez]

[Text] Domestic factors have pushed inflationary pressures sharply upward in Venezuela over the first 4 months of the year, according to the statistics and documents released by the Central Bank of Venezuela, which were confirmed by the bank's president.

The price increases for foods, beverages and tobacco, as well as clothing and footwear, are unprecedented in the country's economic history since the Second World War.

"According to the information that we have," said Dr Carlos Rafael Silva, the president of the Central Bank, "from January to April 1980 the average cost of living index in the Caracas metropolitan area rose 22 percent over the same period in 1979. This increase is quite large when compared with the increase during the same period in 1979 over 1978, which was eight percent. We should point out that price developments at the consumer level are even more worrisome when broken down by major groups. We can readily see the sharp rise so far this year in the foodstuffs, beverages and tobacco category (36.1 percent) and in clothing and footwear (43.3 percent), jumps that are almost triple the 1979 figures."

#### Cost of Living Increases in the Caracas Area

	January to April Average	
	1980/1979	1979/1978
1. Food, beverages and tobacco	34.9 percent	9.4
2. Clothing and footwear	43.3	15.9
3. Household expenditures	20.3	6.8
4. Miscellaneous expenditures	9.6	6.7
5. Overall index	21.6	8.0

The president of the Central Bank of Venezuela pointed out that excluding January, the monthly increases in the cost of living in the Caracas metropolitan area have been above 1.2 percent up to April 1980. These rises are even more significant if we bear in mind that consumer prices have shown a somewhat upward trend ever since August 1979. We should also mention that the year-to-year inflation rates of 34 to 37 percent for food, beverages and tobacco and of more than 40 percent (43 percent, in fact) for clothing and footwear, do not, of course, mean that these price rises will continue for the remainder of the year, especially as of September.

In the Central Bank's view, this assertion is based on the fact that whereas the cost of living indices for the initial months of 1979 rose relatively slowly, they are climbing more sharply so far in 1980. The specific explanation of this is that this year's rates are a reflection of the upward inflationary trend that began with the application of the price-decontrol policy in August 1979. In short, the cost of living increases from January to April of this year are abnormally high because they are being compared with relatively small rises during the first few months of 1979.

#### Year-to-Year Increases in the Cost of Living in the Caracas Metropolitan Area

	Food, Beverages and Tobacco		Clothing and Footwear	
	1980/1979	1979/1978	1980/1979	1979/1978
January	34.0	8.2	40.8	13.3
February	35.9	9.1	46.0	13.8
March	37.2	9.7	46.1	15.8
April	37.1	10.6	43.6	20.6

It should be pointed out that contrary to what is generally cited as a major factor in worsening the upward price trend, most of the price rises this time were for domestic, not imported goods, which traditionally have carried the greatest inflationary weight. This latest development has been pinpointed by the Central Bank, whose technical team handling inflation-related problems is preparing an updated view of the problem for the president so that the current situation can be viewed more clearly and with a realistic information base.

#### What Are the Causes?

There can, in fact be many causes of inflation. Nevertheless, the Central Bank of Venezuela has summarized as follows what it considers to be the main causes of the upward movement in prices from January to April of this year:

1. The assumption is that domestic output is still insufficient to meet demand.

2. Cost-push inflation might also be at work, fueled by the higher salaries that companies are paying pursuant to the General Law of Wage and Salary Increases.

3. Speculation is still thought to exist in marketing channels.

Lastly, the Central Bank notes the following: "Our first assessment is that current price developments are not due to excess real demand, because there was, in fact, a slowdown in the growth of real and financial aggregates in our country in 1979, a situation that we feel has continued to date."

This indicates that the main cause of this upward trend, which is unprecedented in the post-war period, is apparently the lack of productivity in domestic output, in the face of higher demand due to a gradual population increase, which has been intensified by the ongoing immigration from other South American countries, especially Colombia.

In conclusion, the president of the Venezuelan Central Bank agrees that in addition to monetary and financial remedies, other solutions must be sought for inflation, that is to say, solutions for the problem of the decided imbalance between the domestic supply and demand of goods and services.

8743

CSO: 3010



BRIEFS

OIL TO ITALY--On the occasion of the visit to Venezuela by the Italian state minister for Special Affairs, Senator Nino Andreata, Venezuelan Energy and Mines Minister Humberto Calderon Berti acknowledged that over the first few months of 1980 there has been a substantial rise in Venezuelan oil exports to Italy, and he predicted that these exports, both of crude oil and derivatives, could hit 100,000 barrels a day shortly. Minister Andreata met with President Herrera and several Venezuelan ministers and presented a number of projects, a major one being the one he discussed with Urban Development Minister Orlando Orozco. This project calls for the creation of a consortium to construct 50,000 housing units over a 1-year period. In his talks with Calderon Berti, Minister Andreata broached the possibility of joining forces to speed up the refining of Venezuelan crude in the Mediterranean area by utilizing Italy's existing refinery capacity, the Energy and Mines Ministry reported yesterday. [Text] [Caracas EL UNIVERSAL in Spanish 5 Jun 80 Sec 2 p 3] 8743

TECHNOLOGY FROM JAPAN, KOREA, ISRAEL--Both Japan and Korea, and possibly Israel, are keenly interested in expanding economic and trade relations with Venezuela, from which they would like to obtain heavy oil supplies. This was the subject of the talks that Venezuelan Planning Minister Dr Ricardo Martinez has held with the governments of these three nations. The official mission to South Korea, a note distributed by Minister Ricardo Martinez's office says, represents an initial step forward in giving consideration to the definite possibility of new arrangements in Venezuela's bilateral economic relations with third countries. Venezuela has become an attractive market for Korean exports, the value of which has been rising at an average annual rate of 100 percent in recent years, reaching close to \$100 million in 1979. The talks in Korea revolved around the Korean Government's interest in securing supplies of heavy oil and other raw materials from Venezuela, while the Venezuelan side expressed its particular interest in tying safe, stable and permanent supplies of strategic raw materials to long-term cooperation and bilateral aid programs that are orderly, well-planned and highly compatible with

Venezuela's Sixth 5-Year Development Plan for 1981-1985. In this regard, the Venezuelan delegation expressed its interest in cooperation programs in the fields of iron and steel, high-seas fishing, administration of fishing ports, agricultural development linked to crops in flooded areas, capital goods production (machinery, equipment and tools for the oil industry) and intermediate light industry. Minister Martinez and his party were received on 20 May by the Korean minister of energy and resources, Mr Yang-su Yu, who told them of his country's interest in purchasing heavy crude oil from Venezuela. They then visited the petrochemicals plant of the Korean Petroleum Confederation in the city of Ulsan and the shipyards of the Hyundai Heavy Industry Company. On Thursday 22 May they visited the Korean Institute of Science and Technology. With regard to the visit to Israel, the available information is that the results were also very positive and promising for the two friendly nations. [Text] [Caracas EL UNIVERSAL in Spanish 5 Jun 80 Sec 1 p 16] 8743

CSO: 3010

END

**END OF**

**FICHE**

**DATE FILMED**

31 JULY '80

MAK